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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY
Civil Action No.
97-cv-3496 (DRD) (MAS)

WALSH SECURITIES, INC., :
:
Plaintiff, :
: VOLUME II
vs. : DEPOSITION OF:
: LORRAINE KING

CRISTO PROPERTY MANAGEMENT,
LTD., a/k/a G.J.L. LIMITED;
OAKWOOD PROPERTIES, INC.;
NATIONAL HOME FUNDING, INC.;
CAPITAL ASSETS PROPERTY
MANAGEMENT & INVESTMENT CO.,
INC.; CAPITAL ASSETS PROPERTY
MANAGEMENT, L.L.C.; WILLIAM
KANE; GARY GRIESER; ROBERT
SKOWRENSKI, II; RICHARD CALANNI;
RICHARD DiBENEDETTO; JAMES R.
BROWN; THOMAS BRODO; ROLAND
PIERSON; STANLEY YACKER, ESQ.;
MICHAEL ALFIERI, ESQ.; RICHARD
PEPSNY, ESQ.; ANTHONY M.
CICALESE, ESQ.; LAWRENCE CUZZI;
ANTHONY D'APOLITO; DAP CONSULTING,
INC.; COMMONWEALTH LAND TITLE
INSURANCE CO.; NATIONS TITLE
INSURANCE OF NEW YORK, INC.;
FIDELITY NATIONAL TITLE
INSURANCE CO. OF NEW YORK;
COASTAL TITLE AGENCY; DONNA
PEPSNY; WEICHERT REALTORS; and
VECCHIO REALTY, INC., D/B/A
MURPHY REALTY BETTER HOMES
And GARDENS

Defendants. :
:
:

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<p>1 TRANSCRIPT of the stenographic notes of</p> <p>2 the proceedings in the above-entitled matter, as</p> <p>3 taken by and before JANET BAILYN, a Certified</p> <p>4 Shorthand Reporter and Notary Public of the State of</p> <p>5 New Jersey, held at the office of STONE & MAGNANINI,</p> <p>6 150 John F. Kennedy Parkway, Short Hills, New Jersey,</p> <p>7 on May 14, 2010, commencing at 9:00 in the forenoon.</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 INDEX</p> <p>2 WITNESS DIRECT CROSS REDIRECT RECROSS</p> <p>3 LORRAINE KING</p> <p>4 BY MS. WAGNER 149 241, 266</p> <p>5 BY MR. HAYES 176 258</p> <p>6 BY MR. KOTT 218 260</p> <p>7 BY MR. McGOWAN 235 264</p> <p>8</p> <p>9 EXHIBITS</p> <p>10 NUMBER DESCRIPTION PAGE</p> <p>11 King-21 Fidelity National Title</p> <p>12 Schedule A-4 145</p> <p>13 King-22 Affidavit of Title 149</p> <p>14 King-23 Memo dated 3/26/97 165</p> <p>15 King-24 Transcript dated 10/29/99 167</p> <p>16 King-25 Coastal Invoice dated 1/9/97 242</p> <p>17 King-26 HUD-1 242</p> <p>18 King-27 Invoice dated 12/19/96 243</p> <p>19 King-28 HUD-1 243</p> <p>20 King-29 Deeds 245</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
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<p>1 APPEARANCES:</p> <p>2</p> <p>3 STONE & MAGNANINI, LLP</p> <p>4 BY: AMY WALKER WAGNER, ESQ.</p> <p>5 150 John F. Kennedy Parkway</p> <p>6 Short Hills, New Jersey 07078</p> <p>7 Attorneys for Plaintiff</p> <p>8 McCARTER & ENGLISH, LLP</p> <p>9 BY: DAVID R. KOTT, ESQ.</p> <p>10 Four Gateway Center</p> <p>11 100 Mulberry Street</p> <p>12 Newark, New Jersey 07102-4056</p> <p>13 Attorneys for Defendant</p> <p>14 Commonwealth Land Title Insurance Co.</p> <p>15 FOX ROTHSCHILD, LLP</p> <p>16 BY: EDWARD J. HAYES, ESQ.</p> <p>17 2000 Market Street</p> <p>18 Philadelphia, Pennsylvania 19103-3222</p> <p>19 Attorneys for Defendants Nations Title</p> <p>20 Insurance of New York, Inc. and Fidelity</p> <p>21 National Title Insurance Co. of New York</p> <p>22 METHESSEL & WERBEL</p> <p>23 BY: MARTIN R. McGOWAN, ESQ.</p> <p>24 3 Ethel Road</p> <p>25 Box 3012</p> <p>Edison, New Jersey 08818</p> <p>Attorneys for Defendant</p> <p>Coastal Title Agency</p>	<p>1 LORRAINE KING, having been duly sworn by</p> <p>2 the Notary, testified as follows:</p> <p>3 DIRECT EXAMINATION BY MS. WAGNER:</p> <p>4 Q. Good morning, Miss King. Thank you very</p> <p>5 much for coming back today.</p> <p>6 A. You're welcome.</p> <p>7 Q. I wanted to start by going over one more</p> <p>8 loan?</p> <p>9 (King-21, Fidelity National Title</p> <p>10 Documents, is received and marked for</p> <p>11 identification.)</p> <p>12 Q. Miss King, I'm handing you what's been</p> <p>13 marked King-21. I believe it's been produced by</p> <p>14 Fidelity National Title, Bates stamped FY 004778</p> <p>15 through FY 004809, and it's related to property</p> <p>16 located at 26 Institute Street, Freehold, New Jersey.</p> <p>17 If you can just take a look at that.</p> <p>18 (King-22, Affidavit of Title, is</p> <p>19 received and marked for identification.)</p> <p>20 A. Okay.</p> <p>21 Q. Do you notice anything unusual about</p> <p>22 these deeds?</p> <p>23 A. Well, from what I can see the only thing</p> <p>24 I did was the third deed going from this person</p> <p>25 Hristov into the joint venture. And that Rick did</p>

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<p>1 the deed going from Cristo Properties into this</p> <p>2 Hristov.</p> <p>3 Q. And the deed that Mr. Pepsny did going</p> <p>4 from Cristo to Hristov was dated December 31, 1996?</p> <p>5 A. Okay.</p> <p>6 Q. And then the deed that you prepared</p> <p>7 between Hristov and herself and Capital Assets, which</p> <p>8 we have been calling the joint venture deed, that's</p> <p>9 dated January 7, 1997. Correct?</p> <p>10 A. Right.</p> <p>11 Q. And then the Bargain and Sale Deed</p> <p>12 prepared by Scott J. Basen, B-a-s-e-n, Esquire</p> <p>13 between Howard and Nan Bernstein and Cristo Property</p> <p>14 is dated January 23, 1997. Is that correct?</p> <p>15 Actually the first legal-size page there. Keep going</p> <p>16 after that.</p> <p>17 A. This one here?</p> <p>18 Q. Yes.</p> <p>19 A. Okay.</p> <p>20 Q. So that's dated, would you agree, about</p> <p>21 23 days after the deed in which Cristo was selling</p> <p>22 the property to Hristov?</p> <p>23 A. This is the first time I'm seeing these</p> <p>24 deeds so forgive me.</p> <p>25 Q. That's fine, take your time.</p>	<p>1 the documents and have them signed and then returned</p> <p>2 and I would notarize them afterwards.</p> <p>3 Q. Do you recall if you would have had any</p> <p>4 involvement in having these filed with Monmouth</p> <p>5 County?</p> <p>6 A. No. It looks like they were filed April</p> <p>7 of '97 in association with that stack of files,</p> <p>8 deeds, mortgages, such, that were accumulated and it</p> <p>9 was also returned to Coastal Title.</p> <p>10 Q. On the one that is titled Bargain and</p> <p>11 Sale Deed --</p> <p>12 A. Yes.</p> <p>13 Q. -- dated January 23, at the top there am</p> <p>14 I right in saying that that indicates that it was</p> <p>15 filed on February third, '97?</p> <p>16 A. Yes.</p> <p>17 Q. Is there any reason why that one would</p> <p>18 be filed in February versus April?</p> <p>19 A. I can speculate.</p> <p>20 Q. Okay. I am not going to ask you to</p> <p>21 speculate.</p> <p>22 A. I don't know. I don't know why it was</p> <p>23 filed at that time.</p> <p>24 Q. Okay. I'm going to hand you what's been</p> <p>25 marked King-22, and it's a document produced by</p>
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<p>1 A. I agree that the date says January 23,</p> <p>2 1997, the Bargain and Sale Deed going from Bernstein</p> <p>3 to Cristo.</p> <p>4 Q. So does it appear to you from looking at</p> <p>5 these deeds that when Cristo sold the property to</p> <p>6 Hristov Cristo Properties didn't own them?</p> <p>7 A. I would agree to that.</p> <p>8 Q. If you can turn to the page that's Bates</p> <p>9 stamped FY 004802. It's towards the end.</p> <p>10 A. Okay.</p> <p>11 Q. Is that the signature page to what is</p> <p>12 probably the mortgage?</p> <p>13 A. Mortgage, yes.</p> <p>14 Q. And is that your signature there</p> <p>15 notarizing --</p> <p>16 A. Yes.</p> <p>17 Q. Do you have any recollection of Miss</p> <p>18 Hristov appearing before you that day?</p> <p>19 A. I do not have any recollection of her</p> <p>20 being there.</p> <p>21 Q. Do you know if this is one of the ones</p> <p>22 where you didn't meet?</p> <p>23 A. It was probably. I say that because it</p> <p>24 was late in December, and by that time the pattern</p> <p>25 had been established that Bill Kane would just take</p>	<p>1 Fidelity, Bates stamped FY 008887 through 8896.</p> <p>2 Please take a look at it and let me know if you're</p> <p>3 familiar with this transaction.</p> <p>4 A. Okay.</p> <p>5 Q. So this appears to contain a deed dated</p> <p>6 April 5, 1997 that you prepared between Wesley and</p> <p>7 Donna Wright and Wesley and Donna Wright and Capital</p> <p>8 Assets. Is that correct?</p> <p>9 A. Yes.</p> <p>10 Q. Is that your signature at the top?</p> <p>11 A. Yes.</p> <p>12 Q. And then the document appears a couple</p> <p>13 of pages later to have been signed by Wesley and</p> <p>14 Donna Wright?</p> <p>15 A. Yes.</p> <p>16 Q. And is that Anthony Cicalese's</p> <p>17 signature?</p> <p>18 A. Yes.</p> <p>19 Q. Do you recognize that as his signature?</p> <p>20 A. Yes.</p> <p>21 Q. Why would he have signed this instead of</p> <p>22 you?</p> <p>23 A. Because Anthony was present at that</p> <p>24 closing, and he sat with the clients and did the</p> <p>25 closing documents, and then after he signed</p>

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<p>1 everything and they signed everything, then he would 2 give me the paperwork to just go over and make sure 3 that everything was correct before we sent it off for 4 the mortgage company. That's why my handwriting 5 underneath says: "Anthony Cicalese, Attorney-At-Law, 6 State of New Jersey." 7 Q. So that's your handwriting? 8 A. I wrote in "Anthony Cicalese, 9 Attorney-At-Law," but I wrote that in after Anthony 10 signed the papers because he didn't have a stamp that 11 said Anthony Cicalese, Attorney-At-Law. 12 Q. If you could turn to the last page in 13 this document, it belongs to a deed dated March 31, 14 1997 between Cristo Property and Wesley and Donna 15 Wright and there's a signature of Richard J. Pepsny, 16 Esquire. Did you also write in "Attorney-At-Law 17 State of New Jersey"? 18 A. Yes. 19 Q. And why would you have written that for 20 Mr. Pepsny? 21 A. Probably just a force of habit. 22 Q. Would he have been present at this 23 closing? 24 A. No. He would have prepared this deed 25 beforehand and given it to Bill Kane or somehow</p>	<p>1 remember. 2 Q. So when Mr. Cicalese was doing these 3 closings, I think you testified that you were not 4 attending the closings. Is that correct? 5 A. Correct. 6 Q. Were you in the same room? 7 A. I don't recall if there was a -- a 8 separate conference room or if it was a table set 9 aside where he would sit with the clients, and then I 10 would be at my cubicle, and if he needed copies of 11 anything I would be available and he would be able to 12 call me. 13 Q. So did you see him actually meeting with 14 clients? 15 A. Yes. 16 Q. Do you know if he ever checked for 17 identification? 18 A. I do not know that. 19 Q. Do you know -- do you have any knowledge 20 that these people were indeed who actually signed the 21 papers? 22 A. I do not know that. 23 Q. Did you ever meet Susan Grieser? 24 A. I don't believe so. 25 Q. Do you know who Susan Grieser is?</p>
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<p>1 gotten it to Anthony Cicalese. 2 Q. Now, you have previously testified that 3 at the beginning, I believe, Mr. Cicalese shared an 4 office with Gary Grieser. Is that correct? 5 A. He was downstairs. He wasn't in the 6 same offices as Gary Grieser. Gary was on the second 7 floor, Anthony was on the first floor. 8 Q. Okay. And at some point he moved his 9 main practice to East Hanover? 10 A. He had kept a separate office in East 11 Hanover originally, but for these closings he wanted 12 to be closer and more available so he rented office 13 space downstairs from Gary Grieser. 14 Q. And that's the location where you worked 15 primarily. Correct? 16 A. Yes. 17 Q. And can you describe the layout of the 18 office? 19 A. I can't recall. 20 Q. Did you have your own office? 21 A. No. There was maybe a cubicle. 22 Q. Did Mr. Cicalese have an office there? 23 A. I believe it was open. 24 Q. Was there a conference room? 25 A. I have to think about this. I don't</p>	<p>1 A. By the last name I'm assuming that it 2 was somebody related to Gary Grieser. 3 Q. Did you know that Susan Grieser was a 4 notary? 5 A. No. 6 Q. Had you ever seen anyone using her 7 notary stamp? 8 A. No. 9 Q. You stated that after some period of 10 time you strictly handled the Bill Kane closings when 11 you worked for Yacker. Is that correct? 12 A. Yes. 13 Q. And the "normal closings" were handled 14 by Carol and Mr. Yacker? 15 A. Yes. 16 Q. And Mr. Yacker approved of you handling 17 these Bill Kane closings by yourself? 18 A. Yes. 19 Q. You had stated the last time that you 20 believe there might have been somewhere else that you 21 had done some of the Bill Kane closings when you were 22 working for Yacker. You said it was a place with a 23 big conference room table. Do you have any 24 recollection where that might have been? 25 A. I have been trying to think about that.</p>

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L. KING

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<p>1 I don't recall if Bill had separate offices, so it 2 could have been there, or it could have been at Gary 3 Grieser's in Red Bank. 4 Q. When you were meeting with people who 5 were signing loan documents in these Kane closings, 6 did you explain to these individuals what the 7 documents were that they were signing? 8 A. No. 9 Q. What did you do? 10 A. I would sit at the table, at the 11 conference table, and just tell them where to sign. 12 Q. Did they ever ask you any questions? 13 A. No. 14 Q. So in over 200 closings nobody ever 15 asked you any questions? 16 A. No. 17 Q. When you attended what you've called 18 normal closings were the documents explained to the 19 people who were signing them? 20 A. Usually in normal closings I was not 21 present. I would be available but it usually was 22 held in a separate room like a conference room with a 23 door that was closed, and then if they needed any 24 copies, then I would be called to make copies or get 25 information or whatever, but I was not involved in</p>	<p>1 with Coastal? 2 A. I do not know why. 3 Q. Do you know who made the decision to 4 work with Coastal? 5 A. I do not know. 6 Q. When you sent copies of all the closing 7 documents to these various parties, did all of them 8 get copies of the joint venture deeds? 9 A. No. 10 Q. Who didn't get copies? 11 A. Walsh did not, Coastal did not. I don't 12 believe Home National Funding -- National Home 13 Funding did not. I believe that was just copied for 14 our records and Capital Assets and Bill Kane. 15 Q. You have previously testified that 16 towards the end Kane was selling properties that 17 Cristo didn't even own yet. Is that correct? 18 A. Yes. 19 Q. In your previous testimony we also 20 talked about the funding of these closings. Is it 21 correct that only Walsh Securities funded these Kane 22 closings? 23 A. As far as I was aware the money just 24 came from Walsh Securities. 25 Q. And is it correct that National Home</p>
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<p>1 those closings. 2 Q. When you did these Bill Kane closings, 3 did you provide -- for the people who were signing 4 the documents did you provide them with a copy of the 5 documents they signed? 6 A. No. 7 Q. Why not? 8 A. They didn't ask and I wasn't told to 9 give them. 10 Q. And besides sending the documents that 11 Walsh Securities had requested in their closing 12 instructions to Walsh Securities, who else received 13 copies of the closing documents? 14 A. I kept a copy for the office, I believe 15 Bill Kane received a copy, National Home Funding 16 received a copy, a copy of the deed would be made for 17 Rick and the HUD. I don't know who else would have 18 received it. I believe I sent an original and copy 19 to Walsh, kept a copy for us, Bill, and then Rick 20 would get a copy of the deed and HUD. I believe a 21 copy of the mortgage and the deed would be sent to 22 Coastal or whoever the title agency was but we mostly 23 dealt with Coastal. That's all I can remember at the 24 moment. 25 Q. Do you know why you guys dealt mostly</p>	<p>1 Funding never provided any funding for these loans? 2 A. No, they did not, I don't believe. 3 Q. You don't believe that they provided any 4 money? 5 A. No. 6 Q. Okay. 7 A. The money would be wired into the trust 8 account and that's where all our funding came from 9 for this. 10 Q. You had also previously stated that 11 funds were quote unquote probably not disbursed in 12 accordance with the closing -- Walsh Securities' 13 closing instructions. Why do you think they probably 14 were not disbursed? 15 A. Because Bill Kane made it up as he went 16 along. He -- like I said, he would tell me who to 17 send funds to. 18 Q. Do you believe that any of the Kane 19 closings were -- that the funds were disbursed in 20 accordance with the Walsh Securities' closing 21 instructions? 22 MR. KOTT: Objection to form. 23 A. Say that again. 24 Q. Sure. Do you believe that funds were 25 disbursed properly in any of the Kane closings?</p>

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<p>1 MR. KOTT: Same objection.</p> <p>2 Q. When I say properly, I mean in</p> <p>3 accordance with Walsh Securities' closing</p> <p>4 instructions?</p> <p>5 MR. KOTT: Same objection.</p> <p>6 A. In the beginning for the few that were</p> <p>7 done without me that I know that these people were</p> <p>8 definitely legitimate buyers, I believe those were</p> <p>9 funded properly, and maybe the first couple with Bill</p> <p>10 and his buyer, but then shortcuts started happening.</p> <p>11 So, therefore, I can say that they were not funded</p> <p>12 properly.</p> <p>13 Q. Do you have any sense of the time in</p> <p>14 which that happened? Month and year?</p> <p>15 A. Without looking at documents it's very</p> <p>16 hard to say.</p> <p>17 Q. When you were participating in the Kane</p> <p>18 closings, is it correct that you knew that phony</p> <p>19 leases were submitted to Walsh Securities?</p> <p>20 A. At some point the second leases were</p> <p>21 made up, yes.</p> <p>22 Q. Last time you had mentioned another -- a</p> <p>23 number of people that were involved in Bill Kane's</p> <p>24 quote, unquote ring. You mentioned Irene DeFeo. Can</p> <p>25 you describe what her involvement was with Kane?</p>	<p>1 Q. And do you know what they knew about the</p> <p>2 frauds?</p> <p>3 A. No, I do not.</p> <p>4 Q. Did you ever have any conversations with</p> <p>5 them about the frauds?</p> <p>6 A. No.</p> <p>7 Q. Can you describe Coastal Title's</p> <p>8 involvement?</p> <p>9 A. I just know that you have to have title</p> <p>10 insurance and the paperwork just was brought to me to</p> <p>11 process. I never spoke to anyone there per se except</p> <p>12 for to say: I need title work on this, or this is</p> <p>13 the list that's coming up of total properties that</p> <p>14 are going to be processed this month or next month.</p> <p>15 Q. What was Larry Cuzzi's involvement?</p> <p>16 A. He worked very heavily with Bill Kane</p> <p>17 and Gary Grieser. I do not know what his position</p> <p>18 was. I don't even know who he directly worked for</p> <p>19 but he was always around. He ran a lot of paperwork</p> <p>20 around.</p> <p>21 Q. And what was Gary Grieser's involvement?</p> <p>22 A. Gary was president of Capital Assets,</p> <p>23 which was explained to me was a property maintenance</p> <p>24 company, that they were going to manage all of these</p> <p>25 properties that were being bought; hence, the need</p>
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<p>1 A. She was the real estate agent. I don't</p> <p>2 know her exact role. I don't know if she looked for</p> <p>3 straw buyers, misrepresented the whole buying</p> <p>4 process. I just know that she got her fee.</p> <p>5 Q. You also mentioned Donna Pepsny. What</p> <p>6 was her involvement?</p> <p>7 A. Same thing. She was a real estate agent</p> <p>8 and Rick's wife.</p> <p>9 Q. Can you describe Rick Pepsny's</p> <p>10 involvement?</p> <p>11 A. He was the attorney representing Cristo</p> <p>12 Properties, or whatever name Bill Kane used, to buy</p> <p>13 properties.</p> <p>14 Q. Do you have any knowledge as to what he</p> <p>15 knew about the frauds?</p> <p>16 A. I would just discuss the closings with</p> <p>17 him, what was coming up, what was closing on our end.</p> <p>18 I don't know what he and Bill discussed.</p> <p>19 Q. Can you describe the involvement of</p> <p>20 National Home Funding?</p> <p>21 A. They were the mortgage brokers. They</p> <p>22 had to -- I was told this, they had to broker between</p> <p>23 the buyer and the bank. They couldn't just go from</p> <p>24 Walsh Securities to buyer. They had to process the</p> <p>25 mortgage applications.</p>	<p>1 for the joint venture agreement and the joint venture</p> <p>2 deed so that they would be able to say that they</p> <p>3 owned all of these properties that they were</p> <p>4 managing.</p> <p>5 Q. And do you know what Gary Grieser knew</p> <p>6 about the frauds?</p> <p>7 A. I never really had a much of a</p> <p>8 conversation with him about these. He always came</p> <p>9 with Bill. Bill did most of the talking and Gary</p> <p>10 would sit there and wait for his check.</p> <p>11 Q. Was Gary Grieser present at closings?</p> <p>12 A. No.</p> <p>13 Q. So when did he come with William Kane?</p> <p>14 A. After the money would get deposited in</p> <p>15 the trust account.</p> <p>16 Q. And was that before or after the</p> <p>17 closings?</p> <p>18 A. After.</p> <p>19 MS. WAGNER: I just want to take a brief</p> <p>20 break to find a document.</p> <p>21 (A recess takes place.)</p> <p>22 (King-23, Memorandum dated 3/26/97, is</p> <p>23 received and marked for identification.)</p> <p>24 Q. Miss King, I'm handing you what's been</p> <p>25 marked King-23. It's Bates stamped FY 008932.</p>

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<p style="text-align: right;">Page 166</p> <p>1 Does this look familiar to you?</p> <p>2 A. Yes.</p> <p>3 Q. Can you tell me what it is?</p> <p>4 A. This is a memo from me to Sally. Says,</p> <p>5 "Binders needed," so I'm figuring it's to Coastal,</p> <p>6 and it's one of my memos that I sent out regularly to</p> <p>7 people about what was coming up for mortgage and that</p> <p>8 I would need binders, title binders, for the</p> <p>9 following properties. I don't know whose handwriting</p> <p>10 is on that, who made notes after I sent it off.</p> <p>11 That's not my handwriting.</p> <p>12 Q. Would this have been sent to anybody</p> <p>13 other than Sally?</p> <p>14 A. I don't recall. Probably not.</p> <p>15 Q. Now, you had previously testified that</p> <p>16 you prepared lists like this about upcoming closings</p> <p>17 to help keep everything straight.</p> <p>18 A. Yes.</p> <p>19 Q. Is that correct? And you faxed them to</p> <p>20 Rick Pepsny, Bill Kane, Gary Grieser and National</p> <p>21 Home Funding. Is that correct?</p> <p>22 A. Yes.</p> <p>23 Q. Would they all get different lists?</p> <p>24 A. Not necessarily. I -- if I recall</p> <p>25 correctly I would put in the "to," the reference</p>	<p style="text-align: right;">Page 168</p> <p>1 Q. Do you know how often you altered dates</p> <p>2 on deeds?</p> <p>3 A. I don't know how often. It was probably</p> <p>4 when the deeds were not in succession.</p> <p>5 Q. Would you have only altered dates on the</p> <p>6 deeds that you prepared?</p> <p>7 A. No.</p> <p>8 Q. Would you alter dates on deeds that Rick</p> <p>9 Pepsny prepared?</p> <p>10 A. Towards the end, yes.</p> <p>11 Q. And when you say towards the end, was</p> <p>12 that when you were working for Mr. Cicalese?</p> <p>13 A. No. Yacker.</p> <p>14 Q. And Mr. Yacker knew this?</p> <p>15 A. Yes, he did.</p> <p>16 Q. Did he ask you to do this?</p> <p>17 A. He said that the deeds needed to be in</p> <p>18 order. To do whatever I had to do to make that</p> <p>19 happen pretty much.</p> <p>20 Q. At the bottom of page 33 going on to</p> <p>21 page 44 the Court had asked you about your</p> <p>22 involvement in notarizing signatures of persons that</p> <p>23 were not present at the closing. Is that correct?</p> <p>24 A. What page?</p> <p>25 Q. The bottom of 33 to top of 34.</p>
<p style="text-align: right;">Page 167</p> <p>1 "to," everybody who would get it, that memo.</p> <p>2 (King-24, Transcript dated 10/29/99, is</p> <p>3 received and marked for identification.)</p> <p>4 Q. Miss King, I'm going to hand you what's</p> <p>5 been marked King-24. Is that a transcript of your</p> <p>6 plea in the case by the United States of America</p> <p>7 against you?</p> <p>8 A. Yes.</p> <p>9 Q. Do you believe that everything you</p> <p>10 stated under oath that day was true to the best of</p> <p>11 your understanding?</p> <p>12 A. Yes.</p> <p>13 Q. On page 33 starting on line 15 the Court</p> <p>14 asked you: "In order to conceal that circumstance,</p> <p>15 did you in 1996 and 1997 alter deeds and change their</p> <p>16 dates so that the closings would appear to have</p> <p>17 occurred in the correct order?" And you responded:</p> <p>18 "Yes, sir." Is that correct?</p> <p>19 A. Yes.</p> <p>20 Q. And you stated that you discussed this</p> <p>21 with Mr. Yacker. Is that correct?</p> <p>22 A. Yes.</p> <p>23 Q. And that you made those changes with his</p> <p>24 approval. Is that correct?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 169</p> <p>1 A. Okay, yes.</p> <p>2 Q. And in some of those instances you</p> <p>3 believe that the buyer's signatures were forged on</p> <p>4 the documents?</p> <p>5 A. Yes.</p> <p>6 Q. And that's consistent with what you've</p> <p>7 testified to us?</p> <p>8 A. Yes.</p> <p>9 Q. You also responded to the Court's</p> <p>10 question about discussing with Mr. Yacker the subject</p> <p>11 of improperly notarizing signatures. Is that</p> <p>12 correct?</p> <p>13 A. Yes, I did.</p> <p>14 Q. And what did you discuss with him?</p> <p>15 A. I told him exactly what was going on,</p> <p>16 that Bill Kane was taking documents and having them</p> <p>17 signed, that the people were not present, that I told</p> <p>18 him about the Larry Cuzzi, David Lieber situation and</p> <p>19 he didn't say stop, he didn't say, don't do it, I</p> <p>20 want to see the people. So it was like: Just do</p> <p>21 what you got to do to get the closings done pretty</p> <p>22 much.</p> <p>23 Q. Did he seem to care?</p> <p>24 A. I don't know. I don't know what he was</p> <p>25 feeling.</p>

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L. KING

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<p>1 Q. Did you bring it to his attention 2 because you were concerned about it? 3 A. Yes, I did. 4 Q. On page 34 between lines 12 and 17 is it 5 correct that you told the Court that in 1996 and 1997 6 you prepared second mortgages for buyers of various 7 properties when you knew that the second mortgages 8 were not going to be recorded and it was solely to 9 create the appearance that the seller was providing 10 funds to close a transaction? 11 A. Yes. 12 Q. Did you discuss this with Mr. Yacker? 13 A. Yes. 14 Q. What did he say? 15 A. He's the one who showed me how to create 16 them, and there really was no explanation to me why 17 we needed a second mortgage. He just said: You need 18 this second mortgage. 19 Q. Did someone in your office type up the 20 second mortgage? 21 A. I think it was like a form that I just 22 filled in names, like one of the exhibits, I believe, 23 you showed me. It was just: Use this, put their 24 name in and just hold it in the file. 25 Q. I'm showing you what is marked King-11.</p>	<p>1 A. Yes. 2 Q. And Mr. Yacker was aware of this? 3 A. Yes, he prepared them. I mean he 4 prepared the first one, the wording. 5 Q. He prepared the wording of the first 6 phony escrow letter? 7 A. Yes. 8 Q. And he knew you were continuing to use 9 that wording on subsequent escrow letters? 10 A. Yes. 11 Q. Do you recall when in 1997 Mr. Yacker 12 became the subject of an investigation by the New 13 Jersey Attorney Ethics Office? 14 A. In relation to these closings? 15 Q. Yes. 16 A. When the FBI raided his office. 17 Q. Were you still working for Mr. Yacker 18 then? 19 A. There wasn't much left for me to do 20 there. Maybe I was there like once every two weeks 21 just to finish going through paperwork, but I was 22 mostly working with Anthony at that point. 23 Q. According to your plea Mr. Yacker asked 24 you to go through various files and remove deeds and 25 second mortgages because they weren't documents that</p>
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<p>1 A. Yes. 2 Q. Is this an example of a second mortgage 3 you're discussing? 4 A. Yes. 5 Q. Did you fill in that information? 6 A. No, that's not my handwriting. 7 Q. Do you recognize the handwriting? 8 A. No, I do not. 9 Q. You previously testified that the 10 address on there for the second mortgage holder is 11 Kane's home address. 12 A. Yes. 13 Q. And you believe this to be a fraudulent 14 document. Correct? 15 A. I don't know what to believe at this 16 point. I don't know why they needed second 17 mortgages. They just said they needed it for the 18 file, hold it aside with the explanation if we need 19 to file it later we have it in the file. I mean, you 20 know, through the Court -- through the county. 21 Q. The Court also asked you at the bottom 22 of page 34 about your preparation of escrow letters 23 on Mr. Yacker's letterhead that falsely represented 24 to mortgage lenders that Mr. Yacker was holding funds 25 in escrow on particular closings. Is that correct?</p>	<p>1 were recorded and that -- is that correct? 2 A. That he asked me, yes. 3 Q. And was that days before the state 4 ethics representatives were scheduled to review those 5 files? 6 A. I want to say it might have been like a 7 week before. 8 Q. If you weren't regularly working for him 9 at this point what were the circumstances around 10 which he asked you to come back and do this? 11 A. He would call me. 12 Q. Did he tell you he was being 13 investigated? 14 A. No. He just said, you know, I need to 15 have you go through the files, take out this and this 16 and this. I don't know why. 17 Q. Did you have any later conversations 18 with him about why he had you doing that? 19 A. No. 20 Q. In your plea on page 36 you also agreed 21 that you had assisted in arranging for proceeds of 22 closings to be disbursed to the seller and another 23 person prior to the actual closings taking place. Is 24 that correct? 25 A. Yes.</p>

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<p>1 Q. And in this instance the seller was 2 either Bill Kane or one of his companies. Correct? 3 A. Yes. 4 Q. And when the Court said "another 5 person," there were actually multiple people that the 6 funds could have been disbursed to. Is that correct? 7 A. Yes. 8 Q. And the Court also asked you about 9 whether these were proceeds taken from loan monies 10 that had been wire transferred to Mr. Yacker to be 11 held until closing. Is that correct? 12 A. Yes. 13 Q. And these were monies that had been wire 14 transferred to Mr. Yacker from Walsh Securities? 15 A. Yes. 16 Q. You had also discussed this with Mr. 17 Yacker and he approved of you arranging for the 18 premature disbursement of these closing proceeds. Is 19 that correct? 20 A. Yes. 21 Q. And Mr. Yacker signed checks prematurely 22 disbursing these proceeds. Correct? 23 A. Yes. 24 Q. The Court also asked you about your 25 first meeting with representatives of the FBI and the</p>	<p>1 Q. Do you remember anything about it? 2 A. I don't. I just remember that it was 3 like a trouble file that we couldn't get a back deed 4 or something from someone or we couldn't clear title 5 or -- it was something. 6 Q. Was it something that had started in his 7 previous firm? 8 A. Yeah, or had started when we just moved 9 to Matawan away from Yacker & Granata. It was a very 10 old closing. It had to do I think with a woman who 11 wanted to buy a house. She had some handicapped 12 children and she couldn't get a loan so the mother 13 wanted -- mother offered to have the mortgage in her 14 name but she was worried about her credit or 15 something. So after she agreed she refused to come 16 in and sign some documents. So it hung on forever 17 and ever while we tried to work it out with this 18 woman, but it was not anything related to Bill Kane. 19 Q. I don't have any further questions right 20 now. 21 CROSS-EXAMINATION BY MR. HAYES: 22 Q. Good morning, Miss King. 23 A. Good morning. 24 Q. As you know, my name is Ed Hayes. I 25 represent Fidelity National Title Insurance Company</p>
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<p>1 United States Attorney's Office to discuss these 2 matters. Is that correct? 3 A. Yes. 4 Q. And apparently prior to that meeting Mr. 5 Yacker telephoned you and asked you not to reveal 6 what you knew about the activities of his office. Is 7 that correct? 8 A. Yes, he did. 9 Q. It also says that Mr. Yacker told you, 10 among other things, not to reveal what you knew. 11 What were these other things? 12 A. He wanted me to not give more 13 information than they asked for basically. And he 14 said be truthful but you don't have to tell them 15 everything you know. So that's what he wanted to 16 share with me. 17 There was another file that was not 18 pertaining to Bill Kane closings at all. It was a 19 separate file that had been dragging on for like two 20 years that we were waiting on documentation for and 21 so forth. And I think he was referring to that, but 22 I don't recall the name of the people, such a long 23 time ago, but that was a file he was concerned about. 24 Q. Was it a real estate closing? 25 A. It was.</p>	<p>1 and Nations Title Insurance Company. If you don't 2 understand any of my questions let me know and I will 3 be happy to rephrase them for you. Okay? 4 A. Yes. 5 Q. Miss King, do you believe that Ms. 6 DeMola at Walsh Securities was aware of what was 7 going on in these transactions? 8 A. I believe, but I did not have any direct 9 conversations with her regarding that. 10 Q. And can you tell me what it is that 11 causes you to believe she knew what was going on? 12 A. This is not firsthand knowledge you 13 understand. 14 Q. Understood. 15 A. But she was always in contact with Bill 16 Kane and she was his contact at Walsh Securities for 17 processing the mortgage papers or the approval person 18 that needed to approve the mortgages that were set up 19 for these properties. I don't know if she knew there 20 were straw buyers, I cannot say that for a fact, but 21 if you're in the mortgage company business and you 22 have the rate of mortgages going out from your bank 23 at the rate these properties went through, I would -- 24 as a mortgage person I would examine it a lot closer 25 than a normal real estate buy. We had multiple</p>

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<p>1 names, multiple properties for each name on people 2 who were making \$30,000 a year holding hundreds and 3 hundreds of thousands of dollars of mortgage. I 4 would think that that would be a humongous red flag. 5 Q. Did Mr. Kane at any time tell you that 6 Ms. DeMola was involved in the approval of the loans? 7 A. Not directly. 8 Q. What do you mean by that, not directly? 9 A. Well, he never came to me and said: 10 Betty Ann is the one who is at Walsh Securities 11 approving all these loans. He never said that. He 12 just referred to Walsh Securities as Walsh and Betty 13 Ann as Betty Ann and that if there was a problem with 14 a file he would have to talk to Betty Ann about it or 15 mortgage or anything at Walsh. 16 Q. So your belief based on your 17 conversations with Mr. Kane was that whenever an 18 issue or problem arose with a Walsh loan he would 19 communicate with Ms. DeMola to deal with it or get it 20 resolved? 21 A. Yes. 22 Q. You also testified in your first day of 23 your deposition that Mr. Kane spent a lot of time at 24 Walsh. Is that correct? 25 A. Yes, he was there quite often, meaning</p>	<p>1 properties, order the title work, I would -- 2 pertaining to the HUD, I would say as soon as he knew 3 the figures, because he would give me all the 4 figures, the property buy, the mortgage amount, and 5 what everybody's fees would be so that I could start 6 filling in a HUD statement. As soon as he would give 7 me all those figures, then I would start working on 8 the HUDs. 9 Q. Do you recall if you had the Walsh 10 closing instructions prior to your completion of the 11 HUD? And the reason I ask you is that the closing 12 instructions actually include within them a listing 13 of the fees that Walsh said was permitted, and if you 14 want you can take a look at King-13, which was a copy 15 of the closing instructions, and see if that helps 16 refresh your recollection. 17 If you look at the third page, ma'am, 18 you will see there's a topic titled: "Fees and 19 Costs." 20 A. I can't remember when I would have 21 received those figures. I might have started working 22 on the HUD statements as soon as he gave me his 23 information and then finalized it as soon as I got 24 the closing instructions. 25 Q. Is it clear in your mind, ma'am, that</p>
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<p>1 in the beginning of the month not as much but as the 2 time towards the end of the month came closer he 3 would be spending a day, two days at Walsh. 4 Q. And how do you know that? 5 A. I would call him to find out where he 6 was because I would need something for one of the 7 closings, and he would tell me that he was at Walsh. 8 Q. Did you ever hear him say or anyone else 9 say in your presence that he actually had a desk at 10 Walsh? 11 A. No, I did not know that. 12 Q. Do you know exactly what Mr. Kane's 13 relationship was with NHF? 14 A. National Home Funding? 15 Q. Yes, ma'am. 16 A. I do not know other than the fact that 17 they were the mortgage broker. 18 Q. Did you believe he was employed by NHF? 19 A. I thought Bill Kane worked for himself. 20 Q. Do you recall when the HUD-1s were 21 prepared in relation to the day of closing? 22 A. I'm just going to run through the 23 sequence of events, okay? to help me remember. 24 Q. Right. 25 A. Bill Kane would give me a list of</p>	<p>1 you would not have finalized a HUD before having 2 these closing instructions? 3 A. Or a copy of this last page. 4 Q. Right. 5 A. Yes. 6 Q. And were those HUDs faxed to Walsh at 7 some point in time? 8 A. Those HUDs? 9 Q. Yes, ma'am. 10 A. No. 11 Q. Because the reason I ask you is that the 12 closing instructions say that prior to disbursements 13 the HUDs must be faxed to the closing department. 14 A. No, I don't believe I ever faxed them. 15 I think they were just included with the closing 16 package when they were returned. 17 Q. Do you believe, ma'am, that HUD was 18 actually -- I'm sorry, Walsh was actually funding 19 these loans before they even had a HUD-1? 20 A. Sure they were. They didn't receive the 21 HUD statement until I would send back the package to 22 Walsh. 23 Q. Ma'am, if you would just take a look at 24 the first page of King-13, Section A, that contains 25 the list of documents. Do you see that?</p>

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<p>1 A. Yes.</p> <p>2 Q. Were these documents that were supplied</p> <p>3 to you by Walsh or by NHF?</p> <p>4 A. I don't know where the rest of these</p> <p>5 documents would have come from.</p> <p>6 Q. And would you insure on each transaction</p> <p>7 that each of the documents that are listed under</p> <p>8 category A were signed and returned in the package to</p> <p>9 Walsh?</p> <p>10 A. I can only say what I sent back to them.</p> <p>11 I don't know where the rest of the pieces would have</p> <p>12 come from.</p> <p>13 Q. Which of these items would you have sent</p> <p>14 back?</p> <p>15 A. The copy of the mortgage, the HUD,</p> <p>16 sometimes I would have the insurance company -- the</p> <p>17 hazard insurance. I don't know what an NTC of right</p> <p>18 to copy appraisal is. I don't know what a T-I-L</p> <p>19 disclosure is. I would just send back the copies</p> <p>20 that Walsh would send to me, the mortgage, copy of</p> <p>21 the deed, copy of the mortgage, let's say that. I</p> <p>22 wouldn't send them back a filed copy yet unless it</p> <p>23 were filed through the county and then back to me,</p> <p>24 but they would get a copy of the mortgage and the</p> <p>25 HUD.</p>	<p>1 that would be my part of things. Copy of the deed,</p> <p>2 that would have been my part of things unless it</p> <p>3 wasn't in the package to begin with. I pretty much</p> <p>4 sent them back everything that they sent to me.</p> <p>5 Q. So, to the best of your recollection,</p> <p>6 they would have gotten back on every loan whatever it</p> <p>7 is they sent you for signature?</p> <p>8 A. Yes.</p> <p>9 Q. And under B, ma'am, there are conditions</p> <p>10 to be satisfied. You see that?</p> <p>11 A. Yes.</p> <p>12 Q. Do you recall if they varied by loan?</p> <p>13 A. That pretty much is what was on most of</p> <p>14 the closing documents.</p> <p>15 Q. And what do you recall being done to be</p> <p>16 sure that these conditions were satisfied?</p> <p>17 A. Well, I would insert the legal</p> <p>18 description from the title binder I would receive</p> <p>19 from Coastal into the mortgage. I don't know about</p> <p>20 liens, judgments and mortgages, if anything had to be</p> <p>21 satisfied.</p> <p>22 Q. Well, do you recall ever being given</p> <p>23 numbers by Mr. Kane or anyone that were necessary to</p> <p>24 pay off mortgages or pay off liens or pay off</p> <p>25 judgments so that the title to the property was clean</p>
Page 183	Page 185
<p>1 Q. Well, this document says that Walsh is</p> <p>2 providing you or Mr. Yacker, the closing attorney,</p> <p>3 with all of the documents listed in paragraph A. You</p> <p>4 see that?</p> <p>5 A. I see that.</p> <p>6 Q. In your recollection, ma'am, was Walsh</p> <p>7 Securities, in fact, supplying all of the documents</p> <p>8 that are listed in A?</p> <p>9 A. Well, not knowing much about mortgages,</p> <p>10 okay, there were a lot of documents in the mortgage</p> <p>11 package that was sent to us from Walsh.</p> <p>12 Q. Let me ask you this then: Without doing</p> <p>13 a specific document-by-document analysis, all of the</p> <p>14 documents that were sent to you by Walsh, were all of</p> <p>15 those documents signed, whatever they might be, and</p> <p>16 returned to Walsh?</p> <p>17 A. Yes.</p> <p>18 Q. Did Walsh ever communicate with you at</p> <p>19 any time on any of the transactions and say: Miss</p> <p>20 King, on the Smith deal we didn't get a HUD or we</p> <p>21 didn't get a T-I-L, or we didn't get an appraisal?</p> <p>22 Do you recall any conversations at all like that?</p> <p>23 A. There could have been, but whatever was</p> <p>24 sent to me I pretty much had signed or signed, copied</p> <p>25 and sent back to them. I would prepare the HUD so</p>	<p>1 for the new transaction?</p> <p>2 A. He didn't specifically say to me: Okay,</p> <p>3 I need this amount of money out of this property to</p> <p>4 be sent to this bank for payoff. There were a few in</p> <p>5 the beginning, I believe the one that was a previous</p> <p>6 exhibit with D&Sons, but for the most part, no, I</p> <p>7 don't remember him saying to me: Okay, this is a</p> <p>8 payoff that needs to be sent to this mortgage</p> <p>9 company.</p> <p>10 Q. If payments were made, would they have</p> <p>11 been reflected by you on the HUD-1?</p> <p>12 MR. KOTT: You mean payments to</p> <p>13 creditors?</p> <p>14 Q. Creditors.</p> <p>15 A. Creditors? It would have been.</p> <p>16 Q. And that would have been sent back to</p> <p>17 Walsh as part of the package?</p> <p>18 A. Yeah.</p> <p>19 Q. It indicates: "Provide original hazard</p> <p>20 insurance declaration page with one year's paid</p> <p>21 receipt." Do you believe that was satisfied in all</p> <p>22 of the loans?</p> <p>23 A. I don't know because I never -- I can't</p> <p>24 say I never. In the beginning I would receive, I</p> <p>25 believe, a copy of the first page and a paid receipt</p>

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<p style="text-align: right;">Page 186</p> <p>1 from the insurance agent. I want to say Ed Rice. I 2 think that was the agent's name for the insurance, 3 but then after a while I never received them either, 4 and again another shortcut. It would be one more 5 step eliminated that, say, the insurance agent had to 6 send me a copy and I would have to hold up all my 7 documents to send that off to the -- you know, to 8 Walsh, whereas Bill probably said: Oh, I'll take 9 care of it, and maybe he circumvented that situation 10 by taking the declaration page up to Walsh himself. 11 I don't know. 12 Q. Do you recall ever receiving a call from 13 Walsh saying that they had not received a hazard 14 insurance policy declaration page on a transaction? 15 A. I don't recall that being one of the 16 calls I would receive. 17 Q. The next line indicates: "The title to 18 reflect this mortgage in the amount of \$150,000." Do 19 you know what that means? 20 A. I believe I would make a copy of the 21 first and second page of the title binder to be 22 included with the package. 23 Q. In this case it asks the borrower's name 24 to be amended. Would that have been done? 25 A. It might have been.</p>	<p style="text-align: right;">Page 188</p> <p>1 that you don't know what, if any, identification was 2 required by anyone. Correct? 3 A. Correct. 4 Q. And when you handled the closings you 5 didn't require any identification. Right? 6 A. I did not ask for any. 7 Q. Do you have any idea what was sent back 8 to Walsh in these packages? 9 MR. KOTT: As far as identification? 10 Q. Identification, yes, ma'am. 11 A. I remember a few making copies of 12 driver's licenses in the beginning. I never really 13 gave it much thought because Bill never made a big 14 deal of it. He was, like -- you know, he never came 15 to me and said: Oh, we need to get copies of this. 16 I was provided with a copy of a driver's license and 17 Social Security card, it's not that I went to a 18 person and said: Okay, I need your ID now. In the 19 beginning there were copies of driver's licenses, I 20 believe -- 21 Q. Do you recall -- 22 A. -- that I saw. On the repeat properties 23 I think Bill told me: You don't need it because they 24 already have it, you know, it was obtained at the 25 first closing.</p>
<p style="text-align: right;">Page 187</p> <p>1 Q. And then it says next: "No exceptions." 2 Do you know what that means? 3 A. Do what I say above. 4 Q. C is blank here with respect to payoff 5 requirements. Do you see that? 6 A. Yes. 7 Q. And then D talks -- in more detail about 8 hazard insurance requirements. 9 A. Yes. 10 Q. Do you see that? 11 A. Uh-huh, yes. 12 Q. And to the extent you didn't handle that 13 you expected Mr. Kane must have handled it? 14 A. Yes. 15 Q. And then the next section, E, deals with 16 title insurance. To your knowledge, ma'am, was title 17 insurance provided to Walsh on all of these 18 transactions? 19 A. I believe so. 20 Q. And then under F, "Additional closing 21 requirements, two forms of acceptable identification 22 from all borrowers must be returned with the closing 23 package." Do you see that? 24 A. Yes. 25 Q. Now, I believe you testified earlier</p>	<p style="text-align: right;">Page 189</p> <p>1 Q. Do you recall at any time Walsh calling 2 you and complaining that they had not received the 3 acceptable forms of identification for borrowers? 4 A. I don't think I would have received that 5 kind of a call. I don't recall receiving it. I 6 think that if there was a problem with identification 7 they would have gone directly to Bill Kane. 8 Q. And Mr. Kane never indicated to you 9 Walsh had any problems with -- 10 A. No. 11 Q. -- the way in which identification was 12 being -- 13 A. No. 14 Q. -- documented in the loans? 15 A. No. 16 Q. The next thing under F says: "No 17 documents may be executed by power-of-attorney unless 18 authorized by Walsh Securities." Do you recall any 19 transaction where a power-of-attorney was used? 20 A. I don't recall. 21 Q. The last page, ma'am, is the fees and 22 costs section. And it talks about the amount that's 23 being wired to you and it lists the amount of fees 24 that are to be paid and to who. Do you see that? 25 A. Yes.</p>

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<p style="text-align: right;">Page 190</p> <p>1 Q. Would you be sure, ma'am, that those 2 disbursements as set forth in this sheet were made as 3 part of the transaction? 4 A. Yes, these figures would have been put 5 on the HUD. 6 Q. And would have been returned to Walsh or 7 to National Home Funding depending on who the 8 recipient of those monies were. Correct? 9 A. Yes. 10 Q. And after all of the fees and expenses 11 associated with the particular closing were paid 12 there was a certain sum of money left over in the 13 transaction. Correct? 14 A. Yes. 15 Q. And those monies would be divided in a 16 manner in which Mr. Kane would tell you. Correct? 17 A. Yes. 18 Q. And those monies were in essence the 19 seller's proceeds on the sale of what I'll call the 20 second transaction in the three? 21 A. Yes. 22 Q. And those monies belonged to the seller. 23 Correct? 24 A. Yes. 25 Q. Do you recall at any time, since there</p>	<p style="text-align: right;">Page 192</p> <p>1 Q. So would it be your best recollection, 2 Miss King, that for the first six or seven months' 3 worth of transactions, whatever they were, there 4 wasn't even a joint venture deed as part of the 5 transaction? 6 A. Yes. 7 Q. And that what happened is at some point 8 in time when the deeds were held, joint venture deeds 9 were prepared to go along with those earlier 10 transactions. Correct? 11 A. Yes. 12 Q. And with respect to that recording that 13 took place in 2007, the mass recording I'll call it, 14 and you pointed out that there appears to be a 15 Coastal Title sticker on the documents that were 16 recorded. Do you recall that testimony? 17 A. Yes, but it was 1997. 18 Q. 1997. Do you have any recollection at 19 all of being told by Mr. Kane that Coastal found out 20 that all of these deeds had not been recorded and for 21 lack of a better term raised hell about that fact and 22 required that they be recorded? Do you recall 23 anything like that? 24 A. I just know that it created a big mess 25 and that they needed to be recorded right away and</p>
<p style="text-align: right;">Page 191</p> <p>1 were no limitations in these closing instructions on 2 how those monies were divided, at any time being told 3 by anyone at Walsh that there were limits or 4 restrictions on how the seller's proceeds could be 5 distributed? 6 A. No. 7 Q. Is there anything in the closing 8 instructions here, ma'am, which indicates that the 9 buyer of the property in deal two could not convey an 10 interest in that property to someone else? 11 A. No. 12 Q. Did anyone from Walsh ever indicate to 13 you that there was some type of prohibition which 14 precluded their borrower from conveying an interest 15 in the property to someone else? 16 A. No. 17 Q. And I believe you testified, ma'am, that 18 for the first several months these joint venture 19 deeds didn't even exist. Correct? 20 A. I would say the first couple of months, 21 yes. 22 Q. I think in your deposition you said 23 about six or seven months into this they came up with 24 the joint venture concept. Correct? 25 A. Yes, I believe.</p>	<p style="text-align: right;">Page 193</p> <p>1 someone came and got the box and took it away. 2 Q. And your belief, based on your review of 3 the documents at the last deposition, was that 4 Coastal had something to do with the recording of 5 those documents. Correct? 6 A. Yes, I believe so. 7 Q. But you don't have a recollection of 8 being told by anyone that Coastal was requiring that 9 these documents be recorded as opposed to being held? 10 A. I just know that they needed to get 11 recorded and they came and got the box. Someone came 12 and got the box. I don't recall who did. 13 Q. Would I be correct, ma'am, that you have 14 no way at this point in time, some 13 or 14 years 15 after, of knowing when the legitimate deals stopped 16 and the fraudulent deals started? 17 A. I don't know. 18 Q. And would it be fair to say, ma'am, that 19 sitting here today you would have no way of knowing 20 when buyers actually stopped appearing at closing? 21 A. I don't remember. 22 Q. And you would have no idea which 23 transactions you fraudulently acknowledged the 24 documents? 25 A. I don't know.</p>

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<p>1 Q. And you would have no way of knowing 2 today which transactions had disbursements before the 3 closing even took place? 4 A. No. 5 Q. That would be correct, you wouldn't have 6 any way of knowing? 7 A. I would not know. 8 Q. Okay. And you also testified, I think, 9 ma'am, at the last deposition that's Mr. Kane would 10 often leave his proceeds in Mr. Yacker's trust 11 account. Correct? 12 A. Not often. In the beginning he did 13 because he didn't ask for them to be disbursed, but 14 then as the properties accumulated and he needed the 15 funds to be distributed, as he would tell me to, to 16 Rick Pepsny, Gary Grieser and himself, then there 17 were no -- there was no holding of money. It was 18 being all disbursed. 19 Q. But during the time period when the 20 monies were being held, would there be any way for 21 you to know when a disbursement was made as to 22 whether it was his money from a prior deal or money 23 from a current loan? 24 A. No. 25 Q. Because you weren't involved in the</p>	<p>1 testimony earlier today that when Mr. Cicalese 2 handled the closing people were present at the 3 closing? 4 A. Yes. 5 Q. And while you don't know whether or not 6 they were actually the people they were supposed to 7 be, somebody was present? 8 A. Yes. 9 Q. And you couldn't testify that they 10 weren't the people they were supposed to be. 11 Correct? 12 A. Correct. 13 Q. And on the disbursements for those 14 transactions, the Cicalese transactions, to the best 15 of your knowledge, were those disbursements done 16 after the closing had been completed? 17 A. Yes. 18 Q. In your opinion, ma'am, were those 19 transactions handled properly? 20 A. As properly as they could be at that 21 point in time. 22 Q. Were they handled in accordance with the 23 Walsh closing instructions? 24 A. Depending on the conditions and so 25 forth. Again, I don't know about the hazard</p>
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<p>1 bookkeeping process at that time with respect to how 2 money was being disbursed and where it was being 3 applied. Is that a fair statement? 4 A. I know that I had access to the trust 5 account to write checks out, but I don't recall 6 reconciling the account so I don't know -- I don't 7 remember how much money was set aside. At one point 8 we decided to separate the checking accounts out so 9 monies could have been commingled with the first 10 account so I have no -- 11 Q. Right. My question is: Although you 12 were involved in issuance of the checks -- 13 A. Right. 14 Q. -- you at no point in time sat down and 15 said: Okay, this money is coming from the Kane 16 holdover funds, this money is coming from the 17 Montanye closing, this money is coming from the Smith 18 closing, you were told to write a check and you wrote 19 it? 20 A. Yes. 21 Q. You testified in your prior deposition 22 when Mr. Cicalese was involved he was trying to do 23 things right. Correct? 24 A. Yes. 25 Q. And do I get the impression from your</p>	<p>1 insurance because I don't believe I ever saw that at 2 Cicalese's office either. I cannot say for certain 3 because I didn't do the closing and just processed 4 the paperwork at that point. 5 Q. But you also couldn't say that any of 6 them were done in violation of the closing 7 instructions, the Cicalese transactions. Is that 8 correct? 9 A. Yes. 10 Q. It got somewhat confusing in your prior 11 deposition, through no fault of your own, when there 12 was testimony about the reason why all of these 13 properties were being accumulated. Initially your 14 statement was that Walsh was trying to build a 15 portfolio of properties so they could go public. And 16 then later you indicated that Kane was doing that. I 17 would like to try to clear up that testimony. 18 Do you recall some discussion with Mr. 19 Kane about accumulating properties for the purpose of 20 going public? 21 A. Yes. 22 Q. Was that something Mr. Kane was trying 23 to do, something Walsh was trying to do, something 24 Kane and Walsh together were trying to do? What do 25 you recall about that?</p>

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<p>1 A. That must have been a mistake on my part 2 referencing Walsh Securities with the accumulation of 3 the properties. I probably meant to say that Gary 4 Grieser as Capital Assets and Bill Kane were trying 5 to build a portfolio, not Walsh Securities. 6 Q. Okay. Do you ever recall hearing that 7 Walsh was in the middle of some type of merger and 8 needed to have a certain number of loans to make it 9 more attractive for that merger? 10 A. I don't have knowledge of that. 11 Q. You testified that Mr. Kane informed you 12 that Walsh needed to loan out a certain amount of 13 money each month. Do you recall that testimony? 14 A. Yes. 15 Q. What do you recall, as best as you can 16 all these years later, him saying to you about 17 Walsh's need to loan a certain amount of money each 18 month? 19 A. Just that they had a certain amount of 20 money that they needed to loan out every month and 21 that we had to get closings done by that time so that 22 they -- their money would be used. 23 Q. Do you ever recall in any of your 24 conversations with Ms. DeMola her indicating to you 25 that any particular transaction had to close before</p>	<p>1 A. It would have been included with the 2 closing package. 3 Q. And their mandate was that documents be 4 back I believe within 24 hours of the closing. Did 5 you attempt to get documents back within 24 hours? 6 A. I attempted so, yes. 7 Q. Were there cases when the documents 8 didn't get back -- 9 A. Yes. 10 Q. Was there ever an objection raised to 11 you by Walsh that you weren't getting documents back 12 in a timely fashion? 13 A. I recall a couple of times, like, it 14 would be two days later. 15 Q. Would you get a call from someone at 16 Walsh about that? 17 A. I want to say yes. I don't recall who 18 would have called me. It would have been: Where are 19 our documents at? 20 Q. Were the majority of conversations that 21 you had with anyone at Walsh with Kelly? 22 A. Kelly O'Neill? 23 Q. Yes, ma'am. 24 A. I remember talking to her. 25 Q. Do you believe you spoke to her more</p>
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<p>1 the end of the month? 2 A. No, I have no knowledge of that. I did 3 not speak to her about those issues. 4 Q. Many of the HUD-1s indicated that Mr. 5 Pepsny was being paid as the closing agent on the 6 middle deal. Do you recall Ms. Wagner asking you the 7 last time why Mr. Pepsny was getting the closing 8 agent fee on the settlement sheet? 9 A. I don't know why he was put on that 10 line. 11 Q. I understand that but do you remember -- 12 A. Yes, I remember that question, yes. 13 Q. Do you recall ever receiving a phone 14 call from Walsh wanting to know why someone was being 15 paid to act as the closing attorney when that person 16 was not the closing attorney identified on a closing 17 service letter? 18 A. No. If they had I would have corrected 19 it from that point forward, if they had told me where 20 they needed it to be put. 21 Q. Is there any doubt in your mind, ma'am, 22 that Walsh got a HUD-1 from every single settlement? 23 A. They got a HUD-1, yes. 24 Q. And that that HUD-1 would have been sent 25 back to Walsh within a day or two after the closing?</p>	<p>1 than you spoke to Miss DeMola? 2 A. Yes. 3 Q. Other than Kelly and Miss DeMola do you 4 recall conversations with anyone else at Walsh? 5 A. I might have. I don't remember names. 6 Q. But the two you do remember are Kelly 7 and DeMola? 8 A. I spoke to Kelly more than I did Miss 9 DeMola. 10 MR. KOTT: Can we take a break? 11 (A recess takes place.) 12 Q. I put before you Exhibit 4 from the 13 first day of your deposition, which is a title 14 insurance commitment. Is my recollection correct 15 that you testified that the handwriting on this 16 document is not yours? 17 A. That's correct. 18 Q. Do you recall, ma'am, if this document 19 is one of the documents that would have been included 20 in the package that was sent back to Walsh after the 21 closing? 22 A. Yes. This would have been the type of 23 document that I would have received from the title 24 insurance company that would have been included with 25 the mortgage papers.</p>

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<p style="text-align: right;">Page 202</p> <p>1 Q. And when you say from the title 2 insurance company, you mean Coastal Title? 3 A. It was mostly Coastal who sent me 4 titles, yes. 5 Q. Were there other companies that sent you 6 titles on the Kane deals that you could recall? 7 A. In the beginning I want to say Global. 8 Q. Global was that? 9 A. Maybe, but mostly Coastal. 10 Q. When you received the document from 11 Coastal or Global, would I be correct it didn't have 12 the handwriting on it? 13 A. That's correct. 14 Q. But your recollection is that when it 15 got sent to Walsh it had the handwriting on it. 16 Correct? 17 A. No. 18 Q. It did not? 19 A. It would not have any writing on it. 20 Q. Okay. And Walsh would get a copy of the 21 HUD-1 such as marked on King-12. Correct? 22 A. Correct. 23 Q. And that would show all of the 24 disbursements that were going out on the transaction. 25 Correct?</p>	<p style="text-align: right;">Page 204</p> <p>1 A. Yes. 2 Q. Correct? Now, during the first day of 3 your deposition, and I have sensed, and correct me if 4 I'm wrong, but you have actually gained a little more 5 of your memory having had the opportunity to not only 6 talk about this but see some documents. Is that a 7 fair statement? 8 A. Yes, that's fair. 9 Q. And that in response to Ms. Wagner's 10 question as to whether or not the closing 11 instructions were followed, your testimony was they 12 probably were not. Correct? 13 A. Yes, that's correct. 14 Q. And part of your justification for them 15 probably not being followed was at least in the 16 day -- the first day of your deposition was Mr. Kane 17 was telling you how to disburse monies. Correct? 18 A. Correct. 19 Q. And we have now taken a look at the 20 closing instruction letters, or at least one of them, 21 and the monies that are being distributed at the 22 direction of Mr. Kane, I think you will now agree 23 with me, were part of the seller's proceeds. 24 Correct? 25 A. Correct.</p>
<p style="text-align: right;">Page 203</p> <p>1 A. Correct. 2 Q. And it would show a certain sum of money 3 to the seller after the transaction took place. 4 Correct? 5 A. Correct. 6 Q. And the disbursements that Mr. Kane 7 directed would have been disbursements of those 8 monies at the bottom right-hand line of the HUD-1. 9 Correct? 10 A. Correct. 11 Q. And the information on the second page 12 of the HUD-1 regarding fees and expenses and costs 13 that were allowed to be paid, they would come either 14 from Mr. Kane or from the closing instructions 15 supplied by Walsh. Correct? 16 A. Correct. 17 Q. And you would be sure that the closing 18 instructions provided by Walsh as to the money that 19 was allowed to be paid would be followed. Correct? 20 A. Say that again. 21 Q. Sure. Part of what you would do is you 22 would look at the closing instructions, which had on 23 the third page a listing of the fees that could be 24 paid, and you would be sure that those fees were 25 properly listed on the HUD-1?</p>	<p style="text-align: right;">Page 205</p> <p>1 Q. And that the closing instructions that 2 were marked as King-13 from before didn't in any way 3 limit or prohibit the way in which the seller's 4 proceeds could be disbursed. Correct? 5 A. Correct. 6 Q. So making those disbursements in the way 7 that Mr. Kane indicated did not violate the closing 8 instructions, did it? 9 A. I guess not. 10 Q. And we talked a little bit about the 11 documents that were listed on the closing 12 instructions, and your testimony was that while you 13 don't remember which of these documents were in the 14 package or not, what you are able to say, sitting 15 here today, is: Whatever documents came to me in the 16 package from Walsh got signed and returned back to 17 them. Are you able to say that with some confidence? 18 A. Yes. 19 Q. And that if there were any deals at all 20 in which documents were not supplied and you received 21 a call from anyone about them they would have been 22 timely supplied. Are you able to say that? 23 A. Yes. 24 Q. So as far as you're concerned, sitting 25 here today now having the opportunity to look in some</p>

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<p style="text-align: right;">Page 206</p> <p>1 detail over the closing instructions, you believe 2 that the closing instructions pertaining to documents 3 were complied with. Correct? 4 A. Yes. 5 Q. We talked a little bit about the 6 conditions that were in paragraph B, and again I know 7 the last time you testified that there probably were 8 violations, you didn't do the type of detailed review 9 of the closing instructions that you and I did today. 10 Sitting here now, looking at B, to the 11 best of your knowledge, ma'am, were the conditions of 12 paragraph B complied with in all of the transactions? 13 A. As well as I could comply with them. I 14 would not have access to the insurance declarations 15 page, which I mentioned. 16 Q. Right. But you have no reason to 17 believe, do you, ma'am, that those insurance pages 18 weren't supplied to Walsh? 19 A. I do not know whether they were or were 20 not. 21 Q. But you would have expected that if they 22 weren't someone from Walsh would have been contacting 23 you saying: Lorraine, I got your package here, where 24 is the hazard insurance? 25 A. They wouldn't have called me.</p>	<p style="text-align: right;">Page 208</p> <p>1 Correct? 2 A. Correct. 3 Q. And as to the title insurance 4 requirements, to the best of your knowledge, ma'am, 5 did you fulfill all of the title insurance 6 requirements as part of the transactions? 7 A. To the best of my knowledge, I included 8 the title policy with the closing documents and sent 9 them along. 10 Q. So, sitting here today, you don't have 11 any reason to believe that paragraph E of the closing 12 instructions were violated. Correct? 13 A. No. 14 Q. That's correct? 15 A. Correct. 16 Q. And F, we're talking about the two forms 17 of acceptable identification. As far as you know 18 whatever Walsh wanted was supplied under subparagraph 19 F? 20 A. As far as I know, yes. 21 Q. So, sitting here today, you couldn't say 22 that the closing instructions were violated under 23 paragraph F, could you? 24 A. Other than the disbursement of funds 25 before the documents were closed, that's correct.</p>
<p style="text-align: right;">Page 207</p> <p>1 Q. Who would they have called? 2 A. Bill Kane. 3 Q. Okay. And you don't ever recall Mr. 4 Kane saying to you: Walsh is complaining they're not 5 getting hazard policies? 6 A. No. 7 Q. But you would certainly expect if Walsh 8 didn't get one and that was a problem they would tell 9 somebody. Wouldn't you expect that? 10 A. I would expect they would tell Bill 11 Kane. 12 Q. As a responsible mortgage lender who 13 didn't get something that was required in their 14 closing instructions. Correct? 15 A. Correct. 16 Q. Item C is blank so let's move to D. 17 Again, it's the same thing with the hazard insurance. 18 As far as you know, whatever hazard insurance 19 requirements there were were met in these closings. 20 Correct? 21 A. As far as I know. 22 Q. So, sitting here today, you could not 23 say that the failure to comply with the hazard 24 insurance requirement was something that would 25 constitute a breach of the closing instructions.</p>	<p style="text-align: right;">Page 209</p> <p>1 Q. Okay. And then let's talk about G and 2 then I will get back to that with you. Under G, as 3 far as you know, ma'am, every requirement set forth 4 in paragraph G on these transactions was fulfilled. 5 Correct? 6 A. Correct. 7 Q. That was correct? 8 A. Yes. 9 Q. Now, let's talk about the circumstances 10 where monies were disbursed before the closings took 11 place. Are you able to tell me, sitting here today, 12 whether there are any other breaches of the 13 closing -- of the closing instructions than the early 14 disbursement of funds? 15 A. I am not aware of any other ones, no. 16 Q. Now, let's focus on that one breach. 17 Are you able to tell me, sitting here today, any 18 transaction on which that took place? 19 A. Most of them. I would receive the 20 documents from Walsh, I would separate them out or 21 tag them with sticky notes on the side where each 22 page that needed a signature would have been signed. 23 Then someone would have showed up and signed them, or 24 Bill Kane would have had someone take them and have 25 them signed by persons unknown and brought back to</p>

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<p style="text-align: right;">Page 210</p> <p>1 me, but as soon as the money was wired into the 2 account at three o'clock, because that's when the 3 wires hit, Bill would show up and tell me how to 4 break out the bottom line because he would know how 5 much he was going to get on each closing due to the 6 HUD statement. And then checks would be written at 7 that point shortly after three o'clock, as soon as 8 the money was in the trust account. 9 Q. Now, what is it that Walsh needed before 10 it would fund the loans? 11 A. Oh, I don't know all the pieces. I 12 don't know everything that they would need. I know 13 they would need things from National Home Funding and 14 the title -- they would get a title commitment before 15 they got a binder, but I don't know all the pieces 16 that Walsh would need. Bill always took care of 17 those. 18 Q. Did the disbursements prior to closing 19 take place early on in the transactions? 20 A. No. In the beginning we waited until 21 the documents were signed. 22 Q. Do you know how long that carried on? 23 A. A couple of months, but then again 24 another shortcut, you know, oh, let's just get the 25 money disbursed and then we will get the documents</p>	<p style="text-align: right;">Page 212</p> <p>1 Q. So when this particular sheet indicated 2 that a tax service fee, a commitment fee, a courier 3 fee was going to Walsh, to the best of your 4 recollection, were they deducted from the amount of 5 proceeds that were wired to you? 6 A. I don't remember. 7 Q. Is it possible, ma'am, that checks were 8 actually cut to Walsh? 9 A. I don't remember writing any checks to 10 Walsh. 11 Q. Other than the one transaction that you 12 believe the monies may have been disbursed and the 13 deal didn't actually close -- strike that. 14 How do you believe, ma'am, if at all, 15 Walsh was harmed by the fact that the monies were 16 disbursed a day or two prior to the loan documents 17 actually being signed? 18 A. How was Walsh harmed? 19 MS. WAGNER: Objection. 20 Q. You can answer. 21 A. Well, they were loaning money out to 22 people who didn't know they were borrowing, that the 23 whole process was built on lies. 24 Q. That's a different question. You're 25 answering a different question so let me try to make</p>
<p style="text-align: right;">Page 211</p> <p>1 signed. 2 Q. Were monies ever disbursed, ma'am, when 3 a transaction didn't close? 4 A. I believe there was one. 5 Q. Do you recall any of the specifics of 6 that transaction? 7 A. I don't know what went wrong with the 8 deal, but we got the money and we had to wire it 9 back. 10 Q. When the checks were issued to Walsh for 11 the monies that it was supposed to get back, or were 12 any checks issued to Walsh I guess is the proper 13 question? 14 A. There was just one deal I think that 15 just didn't happen correctly. Not that they didn't 16 all happen incorrectly, but it just -- I don't think 17 Bill could obtain the property at all and the 18 mortgage went through, so I believe we wired the 19 money back. 20 Q. Was Walsh deducting its fees from the 21 amount of money that was being wired to Mr. Yacker's 22 trust account, or were you sending back checks in the 23 package with the Walsh commitment fee and other fees 24 that it was supposed to receive? 25 A. No, I did not send money to Walsh.</p>	<p style="text-align: right;">Page 213</p> <p>1 my question a little clearer. 2 A. Let's make it clear. 3 Q. The fact that they were loaning money to 4 people who either didn't know they were borrowing it 5 or, as you testified previously, who clearly in your 6 mind didn't qualify for the loans that they were 7 getting, that's not the question I'm asking you. 8 A. Okay. 9 Q. Because I think you testified previously 10 when I asked you about Miss DeMola the fact that 11 people were getting all these loans that they 12 probably didn't qualify for, you would have expected 13 Walsh to figure that out, correct, as a responsible 14 mortgage lender? 15 MS. WAGNER: Objection. 16 A. I don't know much about the banking 17 industry. I don't know their protocols. I just know 18 personally that if I were in that position I would 19 certainly want to get more involved and find out why 20 one person owns five properties based on their 21 income, which if you look at the mortgage application 22 which came from National Home Funding as the broker, 23 would have seen and asked questions as to how is this 24 person going to pay all these mortgages based on 25 their salary or income.</p>

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<p style="text-align: right;">Page 214</p> <p>1 Q. My question to you deals solely with the 2 fact that the disbursements took place prior to 3 papers actually being signed by the borrowers. Can 4 you tell me first what the length of time was between 5 the disbursement and when the papers were actually 6 signed? 7 A. I would say within a 24-hour period, not 8 that Walsh would have received them back within 24 9 hours but they would have been signed within 24 10 hours. 11 Q. Understood. So at most you're talking 12 about checks being given to Mr. Kane, Mr. Grieser, 13 whoever else 24 hours prior to the loan documents 14 actually being signed. Correct? 15 A. Give or take, yes. 16 Q. Give or take how much? 17 A. 24 to 48 hours. 18 Q. So I want to find a date that you're 19 comfortable with saying with some certainty. Would 20 you agree with me then that no disbursements were 21 made any sooner than 48 hours before the documents 22 were signed? 23 A. Okay. Say that again. 24 Q. Sure. 25 A. That got a little confusing.</p>	<p style="text-align: right;">Page 216</p> <p>1 issuing checks you were in a position where payment 2 on those checks could have been stopped if you needed 3 to return the monies back to Walsh? 4 A. Some checks, yes; some checks no. 5 Q. Tell me why some checks no? 6 A. Disbursement usually happened right away 7 to Rick Pepsny, Capital Assets, and Bill Kane. In 8 the beginning maybe I had written out individual 9 checks per property. However, as things again got 10 short-circuited, one check would have been disbursed 11 with a lump of say three or four properties. So if I 12 cancelled that check or stopped payment on that check 13 then everything would have -- 14 Q. But you could have stopped payment and 15 then reissued a check for all the transactions that 16 went through. 17 A. That check was already cashed. 18 Q. Cashed? 19 A. By Bill Kane, Gary Grieser, Rick Pepsny. 20 Q. How do you know when they cashed their 21 checks? 22 A. They were greedy. They want their 23 money. 24 Q. I understand that. 25 A. I don't know.</p>
<p style="text-align: right;">Page 215</p> <p>1 Q. That's because that's the way I ask 2 questions, in a confusing fashion? 3 A. Then you need to clarify. 4 Q. What I'm trying to find out is: What is 5 the longest period of time that you believe passed 6 between an early disbursement and the actual 7 execution of loan documents? 8 A. I would say the maximum would have been 9 48 hours. 10 Q. Okay. And are you able to say that the 11 vast majority of them where that happened, the 12 documents were signed within 24 hours of the 13 disbursement? 14 A. The majority, yes. 15 Q. And were all the disbursements, ma'am, 16 made by check? 17 A. Yes. 18 Q. So if, for example, the documents were 19 not signed by the borrowers, you were in a position 20 where payment on all of those checks could have been 21 stopped. Correct? Could have been? 22 A. Could have been but except for that one 23 the mortgages went through. 24 Q. Right. I understand that. What I'm 25 asking you is: If they had not gone through, by</p>	<p style="text-align: right;">Page 217</p> <p>1 Q. They were getting their checks after 2 three o'clock -- 3 A. Yes. 4 Q. -- on a particular day because funding 5 didn't happen prior to that. Correct? 6 A. Yes. 7 Q. Do you know for a fact whether they 8 deposited the checks the same day, the next day or a 9 couple of days later? I'm asking what you know. 10 A. No, I do not know that. 11 Q. So in light of the fact that every one 12 of these transactions but one the documents were 13 actually executed, and the packages were sent back to 14 Walsh with everything that was supposed to be in them 15 in them, what I'm asking you is: How was Walsh 16 harmed by the fact that the disbursement took place 17 24 hours before the documents were signed? 18 MS. WAGNER: Objection. 19 A. I don't know. How are they harmed? 20 Q. I don't believe they were, but I am not 21 a witness in this case so I'm asking you if you 22 believe they were harmed by that limited fact of 23 disbursement 24 hours prior to the signature on 24 documents. 25 A. I just know that the documents should</p>

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<p style="text-align: right;">Page 218</p> <p>1 have been signed before the disbursements. 2 Q. I understand that. 3 A. But I don't know how they would have 4 been harmed. 5 Q. In light of the fact that there were 220 6 loans, ma'am, and these loans took place 13 and 14 7 years ago, are you confident that you can in fact say 8 which transaction had that happen on it? 9 A. No, I cannot say that. 10 Q. At this point in time you would be 11 guessing based on what you understood the general 12 practice to be during that period of time. Correct? 13 A. Yes. 14 Q. I think that's all I have for now. 15 Thank you, ma'am. 16 CROSS-EXAMINATION BY MR. KOTT: 17 Q. Miss King, my name is David Kott. We 18 have met a few times. I represent one of the title 19 companies, a company called Commonwealth Land Title 20 Insurance Company, which is a title insurance company 21 that insured some of these loans. And the same 22 instructions that Ms. Wagner and Mr. Hayes gave you 23 will apply to my questions. And because I'm going 24 third you may find me jumping around a little. 25 The transcript of your deposition was</p>	<p style="text-align: right;">Page 220</p> <p>1 I'm going to hand to you the transcript 2 and let you read that to yourself and then I'm going 3 to ask you questions about that. 4 A. Okay. 5 Q. When you went -- did you actually go to 6 National Home Funding's office? 7 A. Yes. 8 Q. And was that in Freehold at the time, do 9 you remember? 10 A. Yes. On 33 I believe. 11 Q. Okay. My first question is: Did that 12 occur before the frauds in this case became public? 13 A. Yes. 14 Q. And who asked you to go there? 15 A. Bill Kane. 16 Q. Bill Kane. What exactly did Mr. Kane 17 ask you to do? 18 A. The closings happened at such a rate it 19 was just very hard to keep up with all the paperwork 20 and to make sure that everybody got copies of 21 everything they needed. And I guess, speculating, 22 Bill found that their files were not complete or 23 updated with everything they needed to have in their 24 files that I might have in my files at the attorney's 25 office. So he asked me to go over, and he said in</p>
<p style="text-align: right;">Page 219</p> <p>1 printed up, your first deposition, which was taken in 2 this case on April 30, 2010. Have you seen that? 3 A. No. 4 Q. Okay. I want to call your attention to 5 page 49, and I'm going to read it to you and then I'm 6 going to allow you to read it to yourself, beginning 7 line 21. 8 "Question: Can you describe your 9 relationship with National Home Funding? 10 "Answer: I would send them copies of 11 closing documents and from them -- I don't remember 12 the documents I would have to get from them. And 13 then there was one time that their files were a 14 complete mess that I went over and helped them 15 organize. Everybody had a property file that I made 16 sure all the documents that they said they needed to 17 have in their files in case they were investigated, 18 all the documents needed to be there. So I had to go 19 through all their files to kind of fill in the 20 missing pieces and make sure that copies of 21 everything was in their files that I had in my files 22 that they needed. 23 "Question: Were these files on 24 properties that had already closed? 25 "Answer: Yes."</p>	<p style="text-align: right;">Page 221</p> <p>1 case there's an investigation that they have all the 2 documents that they needed in their files because 3 they needed complete files. 4 Q. Well, how did Mr. Kane know what was in 5 National Home Funding's files? 6 A. I would guess that he was there also. 7 Q. Was it your impression at that time that 8 Mr. Kane somehow was associated with National Home 9 Funding? 10 A. Yes, he worked closely with them. 11 Q. When you say he worked closely, was it 12 your impression that he was somehow an employee or an 13 agent of National Home Funding? I am asking what 14 your impression was at the time. 15 A. I don't know what his relationship was 16 with them. He never said. He never told me. 17 Q. When you went to National Home Funding 18 were there employees of National Home Funding there? 19 For instance, was there a receptionist? 20 A. I don't recall. 21 Q. Did anybody from National Home Funding 22 know you were in their offices looking at their 23 files? 24 A. I believe they did. 25 Q. And as far as you know, did Mr. Kane</p>

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<p style="text-align: right;">Page 222</p> <p>1 arrange for you to look at the National Home Funding 2 files? 3 A. Yes. 4 Q. Were you ever asked to do anything 5 similar to that for Coastal Title? 6 A. No. 7 Q. Were you ever asked to do anything 8 similar to that for any other broker or company 9 besides National Home Funding? 10 A. No. 11 Q. Was it your impression at the time that 12 Mr. Kane wanted that done because he was concerned 13 that there might be a law enforcement investigation 14 at some point and he wanted the files to look in a 15 proper fashion? 16 A. I would agree with that. 17 Q. In your first deposition, and I'll show 18 you if you want what you're referring to, you talked 19 about going to a Christmas or a New Year's party that 20 was given by Bill Kane. 21 A. Yes. 22 Q. Do you remember when that was, that is, 23 which Christmas season that was? 24 A. 1996. 25 Q. And where was that party?</p>	<p style="text-align: right;">Page 224</p> <p>1 A. Yes. 2 Q. Was that the only time you had met her? 3 A. Yes. 4 Q. Was she the only one there from Walsh 5 Securities, to your knowledge? 6 A. To my knowledge, but I wouldn't know 7 anyone else. 8 Q. Were there people there other than the 9 people involved in the frauds in these loans? 10 A. I would not know that. 11 Q. Was there anybody there that you knew 12 who was not involved in the frauds? 13 A. I don't know. 14 Q. My question is inartful. Let me try it 15 a different way. As far as you know, thinking back 16 on who was at that party, was everyone at that party 17 involved in the frauds we're talking about in this 18 lawsuit? 19 A. I would say a lot of the people that 20 were involved with this situation were there, but 21 there were a lot of people I didn't know also that 22 were there. 23 Q. Okay. Did you speak with Miss DeMola at 24 that party? 25 A. Just briefly as an introduction: This</p>
<p style="text-align: right;">Page 223</p> <p>1 A. I don't even remember. 2 Q. Do you remember whether it was at a 3 restaurant or a country club as opposed to someone's 4 home? 5 A. Oh, it was a hall, a banquet hall. It 6 was a big room. 7 Q. And in this case, this Walsh lawsuit 8 we're talking about, you have had an opportunity to 9 look at some papers that show who is sued by Walsh 10 Securities. Correct? 11 A. Yes. 12 Q. Gary Grieser was sued, a guy named Larry 13 Cuzzi was sued. A number of individuals were sued. 14 Correct? 15 A. Correct. 16 Q. Were many of those individuals at that 17 Christmas party? 18 A. Yes. 19 Q. Can you tell me who of the people who 20 were alleged -- withdrawn. 21 Can you tell me whether Ms. DeMola was 22 at that Christmas party? 23 A. Yes, she was. 24 Q. Was that the first time you had ever met 25 her?</p>	<p style="text-align: right;">Page 225</p> <p>1 is so and so, this is so and so. 2 Q. Was that the first time you had spoken 3 with her, or had you spoken with her earlier in 4 connection with the loans? 5 A. I recall speaking with her a couple of 6 times on the phone, not a lot of conversations, just 7 about loan documents, but... 8 Q. I was doing a timing thing. At the 9 Christmas party, was that the first time you had ever 10 spoken to her, or had you spoken to her over the 11 phone before that? 12 A. I don't remember. 13 Q. When you were introduced to her, were 14 you introduced to her as Betty DeMola of Walsh 15 Securities? 16 A. Betty Ann. 17 Q. Betty Ann of Walsh Securities? 18 A. Yes. 19 Q. Did she tell you what she was doing 20 there? 21 A. No. 22 Q. Did anyone tell you why Betty Ann DeMola 23 was there? 24 A. No. 25 Q. But you had known at that time that</p>

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<p>1 Betty Ann DeMola and Bill Kane were very close? 2 A. They were together, yes. 3 Q. And that they worked together a lot. 4 Right? 5 A. Yes. 6 Q. And that, in fact, Kane was often up at 7 Walsh Securities with Betty Ann DeMola. Is that 8 true? 9 A. Yes. 10 Q. And in particular he was there very 11 heavily at the end of various months. Correct? 12 A. Yes. 13 Q. And that's because there was an 14 incentive at Walsh to have a significant number of 15 loans close at the end of the month. Is that true? 16 A. Yes. 17 Q. Now, I want to come back to you speaking 18 to Ms. DeMola about loans. That would be over the 19 telephone? 20 A. Yes. 21 Q. And when she would call you, she would 22 ask for information or ask for documents? You tell 23 me. 24 A. Probably documents or information. I 25 don't recall exact conversations. There were only a</p>	<p>1 A. Yes. 2 Q. What I'm asking you is: We now know 3 that Betty Ann DeMola's title was national sales 4 manager and that she had a group of people who worked 5 for her and she was in charge of sales at the 6 company. Now that you know that, are you surprised 7 that she was calling you asking for that information 8 instead of one of the clerical people such as Kelly 9 O'Neill? 10 A. It now makes me question why she called 11 me because as you're saying she's a manager. I was a 12 secretary. Secretaries don't talk to management. 13 Q. In your experience with legitimate real 14 estate closings -- 15 A. Yes. 16 Q. -- did you ever have that situation 17 where a manager called you asking for some clerical 18 kind of piece of information? 19 A. I never was in that kind of position. 20 It was always attorney to manager or attorney to 21 whoever needed to be dealt with. 22 Q. So in your honest transactions -- 23 withdrawn. In your honest transactions was there 24 ever a time that a manager from a lender called you 25 looking for documents and things of that nature?</p>
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<p>1 few. 2 Q. Did she tell you why she was calling? 3 That is, why she was calling rather than Kelly 4 O'Neill or one of the clerical people from Walsh? 5 A. No. 6 Q. If I were to tell you that Miss DeMola 7 was the national sales manager, meaning the head 8 person for marketing at Walsh, would you now be 9 surprised that she would be calling you on those 10 loans instead of one of the clerical people such as 11 Kelly O'Neill? 12 A. I did not know what her title was. 13 Q. I know. That's what I said, if I were 14 to now tell you. 15 A. Yes, if she was -- I would not know what 16 her job description would be at Walsh. Saying 17 national sales, I don't know what that would entail 18 but -- 19 Q. Would you be surprised -- withdrawn. 20 Did she tell you when she called what her title or 21 her job responsibilities were at Walsh? 22 A. No. 23 Q. She just called and said: This is Betty 24 Ann DeMola from Walsh, and then you had the 25 conversation about what she needed from you?</p>	<p>1 A. No. 2 Q. The only time that occurred was with 3 Miss DeMola. Is that true? 4 A. Yes. 5 Q. I'm going to hand to you your first 6 deposition again, and I'm going to ask you to read to 7 yourself a question and an answer and then I'm going 8 to ask you about that. 9 MR. KOTT: I'm handing to the witness 10 the transcript of her first deposition and I'm going 11 to ask her to read beginning at page 84, line six 12 through -- I'm sorry, beginning at page 85, line six 13 through line 13. 14 Q. Just read that to yourself, and then I'm 15 going to ask you a question about it. 16 A. Okay. 17 Q. In this somewhat long answer, and I am 18 not criticizing you for a long answer, there's 19 nothing wrong with it, you talk about faxing things 20 to National Home Funding. 21 A. Yes. 22 Q. Tell me about that. 23 A. Well, just as I faxed a list with 24 reference to exhibit King-23, a memorandum about the 25 properties that were going to close on a major list</p>

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<p>1 that I would have typed up, I would send them one</p> <p>2 also to give them notice that these properties were</p> <p>3 closing.</p> <p>4 Q. When you did that was there ever a time</p> <p>5 that you found out that Mr. Kane had a copy of the</p> <p>6 fax you sent to National Home Funding in his</p> <p>7 possession or otherwise knew about it? What I'm</p> <p>8 asking is: You would fax something to National Home</p> <p>9 Funding. Was there ever a time that Mr. Kane knew</p> <p>10 about that or either had it or knew about it or</p> <p>11 talked to you about it?</p> <p>12 A. My list?</p> <p>13 Q. Yes.</p> <p>14 A. I sent lists to everybody.</p> <p>15 Q. No, no, but the list you would send to</p> <p>16 National Home Funding, whatever that specific list</p> <p>17 was, did Mr. Kane ever know about that list?</p> <p>18 A. Yes, he knew.</p> <p>19 Q. And how did he know about it?</p> <p>20 A. Because I believe I put everybody's name</p> <p>21 up at the top.</p> <p>22 Q. So you addressed it to everyone?</p> <p>23 A. I addressed it to everyone.</p> <p>24 Q. In your first deposition you had talked</p> <p>25 about Walsh needing to close loans at the end of the</p>	<p>1 Q. And you said to Mr. Hayes, again</p> <p>2 paraphrasing, that if there was a question about an</p> <p>3 identification Walsh would probably go directly to</p> <p>4 Bill Kane. Do you remember that?</p> <p>5 A. Yes.</p> <p>6 Q. Why would they go directly to Bill Kane?</p> <p>7 A. Because he and Gary Grieser would have</p> <p>8 set up the straw buyer.</p> <p>9 Q. Okay. Meaning that --</p> <p>10 A. They would have contacted the person who</p> <p>11 would have been the straw buyer and obtained</p> <p>12 legitimate or illegitimate documentation for</p> <p>13 identification from them.</p> <p>14 Q. I understand that, but why would Walsh</p> <p>15 go to Bill Kane instead of to you or somebody else to</p> <p>16 get identification if Walsh needed it?</p> <p>17 A. Because Bill Kane was the one who was in</p> <p>18 control of all the people.</p> <p>19 Q. Right. And that's the same Bill Kane</p> <p>20 who was close with Betty DeMola and would be often up</p> <p>21 in the Walsh offices?</p> <p>22 A. Yes.</p> <p>23 Q. You sent documents after the loans would</p> <p>24 close to Walsh?</p> <p>25 A. Yes.</p>
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<p>1 month, and you said something: So Walsh could get</p> <p>2 its funding. Do you remember that testimony? I'm</p> <p>3 paraphrasing it.</p> <p>4 A. I recall.</p> <p>5 Q. What did you mean by Walsh getting its</p> <p>6 funding?</p> <p>7 A. Well, I imagine they got their money</p> <p>8 from somewhere that they had to spend.</p> <p>9 Q. Did you ever have any conversations with</p> <p>10 anyone who told you that, or is that something you're</p> <p>11 just assuming based on your knowledge of the</p> <p>12 industry?</p> <p>13 A. Based on my knowledge.</p> <p>14 Q. In response to some of Mr. Hayes'</p> <p>15 questions you were asked about borrower's</p> <p>16 identifications, meaning license and things of that</p> <p>17 nature.</p> <p>18 A. Yes.</p> <p>19 Q. My first question is: Did Walsh ever</p> <p>20 call you and ask for identifications?</p> <p>21 A. No.</p> <p>22 Q. To your knowledge, did Walsh ever call</p> <p>23 anyone from your law firm, Mr. Yacker or any of the</p> <p>24 other people at the law firm?</p> <p>25 A. No.</p>	<p>1 Q. Would anybody else from Mr. Yacker's</p> <p>2 office do that or the loans -- withdrawn.</p> <p>3 On the loans we're talking about in this</p> <p>4 case, were you the only one from Mr. Yacker's office</p> <p>5 who would do that?</p> <p>6 A. Yes.</p> <p>7 Q. So as far as you know any documents that</p> <p>8 would have been sent to Walsh would have been sent by</p> <p>9 you personally. Correct?</p> <p>10 A. Correct.</p> <p>11 Q. Are you aware of Walsh ever calling Mr.</p> <p>12 Yacker or anyone in the office besides you looking</p> <p>13 for documents?</p> <p>14 A. I would not know that.</p> <p>15 Q. That's what I was asking: Are you aware</p> <p>16 of it? For instance --</p> <p>17 A. No.</p> <p>18 Q. -- did Mr. Yacker ever come to you and</p> <p>19 say: Walsh called, they need this document, please</p> <p>20 get it to them?</p> <p>21 A. No.</p> <p>22 Q. So let me ask you the question again.</p> <p>23 Are you aware of Walsh ever calling anyone else in</p> <p>24 Mr. Yacker's office besides you to get documents?</p> <p>25 A. No, I am not aware of it.</p>

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<p>1 Q. Did Walsh ever call you and ask for 2 documents or anything else and you did not provide it 3 to them? 4 A. There might have been a couple of times 5 that I did not have documents that I could have 6 provided. 7 Q. Did you tell Walsh that? 8 A. I would tell Bill Kane that. 9 Q. And did Walsh ever follow up a second 10 time with you and say: We asked you for the 11 documents, where are they? 12 A. No. 13 Q. So did you infer from that that Mr. Kane 14 dealt with Walsh on the missing documents? 15 A. Yes. 16 Q. You feel pretty good about that, I mean? 17 A. I am confident that Bill would have 18 taken care of it. 19 Q. You said in your deposition that Mr. 20 Kane was the ringmaster of this fraud? 21 A. Yes. 22 Q. Is that ringmaster the same thing as 23 ringleader or mastermind? 24 A. Yes. 25 Q. I have no further questions but I think</p>	<p>1 Q. Do you know in what capacity he is 2 associated with Coastal? 3 A. No, I don't recall. 4 Q. The fraud loans, the 220 loans that 5 we're here talking about, was each and every one of 6 them put through Coastal, or you thought there might 7 be another title agency? 8 A. I remember Global but the majority of 9 them came from Coastal. 10 Q. And how did that come about? Do you 11 know? Why Coastal as opposed to any other title 12 agency? 13 A. I have no idea. 14 Q. Do you know whether or not Mr. Kane had 15 prior dealings with Coastal Title Agency before 16 coming to NHF and before coming to your attention? 17 A. I don't know. 18 Q. Did you ever speak with Mr. Agel at 19 Coastal Title during the course of these frauds? 20 A. I might have. 21 Q. Do you remember whether you did or not? 22 A. Not specifics. 23 Q. Secretarial types over at Coastal Title, 24 do you recall ever speaking with them on the phone as 25 opposed to Mr. Agel?</p>
Page 235	Page 237
<p>1 Mr. McGowan does. 2 (A discussion takes place off the 3 record). 4 CROSS-EXAMINATION BY MR. MCGOWAN: 5 Q. Miss King, I represent Coastal Title 6 Agency, and I had an opportunity briefly -- I wasn't 7 at your deposition the last time but I looked at the 8 transcript so I'm going to try not to duplicate too 9 much. 10 You were asked last time if you knew the 11 name of a fellow by the name of Robert Agel, and I 12 think your answer last time was you really had not 13 heard that name. Is that accurate? 14 A. At that point my memory was not as well 15 as it is now because of looking at all the documents. 16 Q. Because you looked at all the stuff. 17 Contemporaneously back at the time all of this was 18 going down, did you know who -- if someone were to 19 say to you: Bob Agel called, would you know who that 20 was? 21 A. I had not heard the name in a long time. 22 Yes, I probably would associate it with Coastal. 23 Q. Who is he? Do you know? Associated 24 with Coastal? 25 A. Yes.</p>	<p>1 A. I must have because I have got a memo 2 here addressed to Sally. 3 Q. That would be Sally? 4 A. That would be Sally. 5 Q. That memorandum looks to me like -- an 6 awful lot like it's going to the title agency? 7 A. Yes. 8 Q. So Sally would be an employee there, and 9 from time to time probably you talked to Sally on the 10 phone. Right? 11 A. Probably. 12 Q. Was it Kane's direction -- let me ask 13 you this: Did Mr. Yacker have a relationship with 14 Coastal Title before these frauds came along, if you 15 know? 16 A. I don't know. 17 Q. So what was the connection between these 18 loans and Coastal Title agency? 19 A. I don't know. 20 Q. Could it have been Mr. Kane? 21 A. Mr. Kane was the one who directed 22 Coastal to send me binders. 23 Q. You would submit whatever information 24 Coastal Title needed, and then they would send you a 25 binder. Is that right?</p>

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<p style="text-align: right;">Page 238</p> <p>1 A. No.</p> <p>2 Q. Or did NHF submit the information to</p> <p>3 Coastal Title?</p> <p>4 A. I don't know who submitted their</p> <p>5 information.</p> <p>6 Q. I'm sorry?</p> <p>7 A. I don't know who submitted original</p> <p>8 information.</p> <p>9 Q. So these binders just came out of thin</p> <p>10 air?</p> <p>11 A. I don't know who told them to send them.</p> <p>12 I would just tell them what properties I was working</p> <p>13 on for Bill Kane.</p> <p>14 Q. Ever heard the phrase "marked-up title</p> <p>15 binder"? Ever heard that phrase?</p> <p>16 A. Maybe.</p> <p>17 Q. Kind of like the one you were shown</p> <p>18 before?</p> <p>19 A. Yes.</p> <p>20 Q. Got marks all over it, that's why it's</p> <p>21 called "marked-up title binder." Right?</p> <p>22 A. Okay.</p> <p>23 Q. How, the one you were shown before,</p> <p>24 those marks were not yours?</p> <p>25 A. No, they weren't.</p>	<p style="text-align: right;">Page 240</p> <p>1 Q. Mr. Yacker's office or Mr. Pepsny.</p> <p>2 Okay. In a legitimate mortgage transaction when the</p> <p>3 deed was filed right after the closing, the</p> <p>4 old-fashioned way, and you sent a copy of the deed</p> <p>5 and the mortgage over to the title agency, what would</p> <p>6 happen when the filed deed was returned to your</p> <p>7 office?</p> <p>8 A. I would make a copy of the face page</p> <p>9 showing the filing with the book and the page number</p> <p>10 and send that to the title company.</p> <p>11 Q. At which point you -- would you get</p> <p>12 anything back from them?</p> <p>13 A. I don't recall.</p> <p>14 Q. Would you get a policy as opposed to the</p> <p>15 binder?</p> <p>16 A. I don't recall.</p> <p>17 Q. Okay.</p> <p>18 A. I didn't do many normal closings.</p> <p>19 Q. Other than the interactions that you've</p> <p>20 described to us between yourself and either</p> <p>21 Mr. Yacker's office and Coastal Title, the phone</p> <p>22 calls, the messages, the receipt of the binder,</p> <p>23 etcetera, are you aware of any other involvement of</p> <p>24 Coastal Title with respect to these fraudulent loans?</p> <p>25 A. No.</p>
<p style="text-align: right;">Page 239</p> <p>1 Q. Who would they have been if they were</p> <p>2 not yours?</p> <p>3 A. I do not know.</p> <p>4 Q. What is a -- tell us -- give us the</p> <p>5 benefit of your expertise. What is a marked-up title</p> <p>6 binder? How does it come about?</p> <p>7 A. I don't know.</p> <p>8 Q. You would receive the binder from</p> <p>9 Coastal Title, and then what is the next interaction</p> <p>10 you would have with Coastal Title after receiving the</p> <p>11 binder?</p> <p>12 A. I would take it and put it in a file</p> <p>13 pertaining to that property. And then when it was</p> <p>14 time to do the deed, I would take out the property</p> <p>15 description, insert it into the deed and mortgage and</p> <p>16 take it and --</p> <p>17 Q. And there would be a closing. Right?</p> <p>18 A. And there would be a closing.</p> <p>19 Q. After the closing, what interaction, if</p> <p>20 any, would you have with Coastal Title?</p> <p>21 A. I would make a copy of the deed and the</p> <p>22 mortgage and send it to Coastal.</p> <p>23 Q. Whose obligation was it to file the deed</p> <p>24 and the mortgage?</p> <p>25 A. It was mine.</p>	<p style="text-align: right;">Page 241</p> <p>1 Q. Are you aware of whether or not Coastal</p> <p>2 Title was involved in the fraud on an insider basis</p> <p>3 as opposed to just being the title company that</p> <p>4 issued binders on fraudulent transactions?</p> <p>5 A. I have no knowledge of that.</p> <p>6 Q. I'm done.</p> <p>7 (A recess takes place.)</p> <p>8 REDIRECT EXAMINATION BY MS. WAGNER:</p> <p>9 Q. Miss King, I'm going to show you a</p> <p>10 document. I am not going to mark it as an exhibit</p> <p>11 right now. I just want to know if you have ever seen</p> <p>12 a document like this. It's marked FY 004838.</p> <p>13 A. Okay.</p> <p>14 Q. Have you ever seen a document like this?</p> <p>15 A. No.</p> <p>16 Q. Have you ever dealt with Sherry Federer</p> <p>17 in the policy department at Coastal Title?</p> <p>18 A. Again, I don't know everybody's name. I</p> <p>19 can't recall everybody's name but I don't -- I don't</p> <p>20 remember speaking to her about this at all.</p> <p>21 Q. The memo before was addressed to Sally.</p> <p>22 Right?</p> <p>23 A. To Sally, uh-huh.</p> <p>24 Q. Did you have other conversations with</p> <p>25 Sally that you recall?</p>

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<p>1 A. I probably spoke to her as a contact at 2 Coastal. 3 Q. Do you recall Sally ever calling or 4 anyone else at Coastal ever calling you to follow up 5 on documentation? 6 A. They could have. Nothing you know 7 stands out in my mind. 8 (King-25, Coastal Invoice, is received 9 and marked for identification.) 10 (King-26, HUD-1, is received and marked 11 for identification.) 12 Q. Miss King, I'm handing you what's been 13 marked King-25. It's an invoice from Coastal Title, 14 Bates Stamped FY 004854, and a HUD-1, Bates stamped 15 FY 00954. That's marked King-26. I think I asked 16 you about this in the last deposition. Do you recall 17 seeing invoices like this, what is marked King-25? 18 A. Yeah, I remember seeing invoices come 19 through. They didn't quite look like this. 20 Q. Do you see on there underneath "Item" 21 where there's a notation for closing service letter 22 and that the charge was \$25? 23 A. I see that. 24 Q. And the total is \$1,002. Correct? 25 A. Yes.</p>	<p>1 stamped FY 004737 and King-28 is FY 004820 through 2 4821. They're also an invoice and a HUD-1. And the 3 invoice is addressed to Stanley Yacker. 4 A. Okay. 5 Q. And he's listed as the settlement agent 6 on the HUD-1. Correct? 7 A. Yes. 8 Q. And similar to the ones with Cicalese, 9 Mr. Cicalese, the invoice notes an item of closing 10 service letter for \$25. Correct? 11 A. Yes. 12 Q. And a total of \$926.00? 13 A. Yes. 14 Q. And then on the second page of the HUD-1 15 under 1108 for title insurance to Coastal Title 16 Agency it shows \$926.00. Is that correct? 17 A. Yes. 18 Q. And no other notation for the closing 19 service letter? 20 A. No. 21 Q. So you would assume that the \$25 for the 22 closing service letter is included in that 926. 23 Right? 24 A. Yes. 25 Q. Was this something that you prepared,</p>
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<p>1 Q. And if you turn to the HUD-1 on the 2 second page, line 1104 it shows \$1,002 payable to 3 Coastal Title for the title insurance binder. 4 Correct? 5 A. Yes. 6 Q. And you don't see that \$25 listed 7 anywhere else. Right? 8 A. No. 9 Q. So presumably since it's the same amount 10 as the total on the invoice that that included the 11 title -- the closing service letter. Correct? 12 A. I would assume so, yes. 13 Q. And that was for a property that Anthony 14 Cicalese closed. Right? 15 A. Yes. I did not do this HUD. 16 (King-27, Invoice dated 12/19/96, is 17 received and marked for identification.) 18 (King-28, HUD-1, is received and marked 19 for identification.) 20 Q. Miss King, going back to King-26, do you 21 recognize that as Mr. Cicalese's signature? It's the 22 HUD-1. 23 A. Yes, that is his signature. 24 Q. I'm handing you what's been marked as 25 King Exhibit 27 and King-28. King-27 is Bates</p>	<p>1 this HUD-1? 2 A. Yes. 3 Q. And you signed on behalf of Mr. Yacker? 4 A. Yes. 5 (King-29, Deeds, is received and marked 6 for identification.) 7 Q. Miss King, I'm handing you what's been 8 marked as Exhibit King 29. It's a series of deeds 9 and mortgage, a balloon rider, Bates stamped FY 10 004257 through 4273. Can you tell if this was a 11 closing that was performed by Mr. Yacker and Mr. 12 Cicalese in addition to the one that's Mr. Pepsny's? 13 If you look at the deed that you prepared, on the top 14 left corner it's got the Suite 104. 15 A. Yeah, that's Anthony's suite number and 16 the font is different on this so that would be from 17 Anthony's office. 18 Q. Anthony Cicalese? 19 A. Yes. 20 Q. On the very last page of this series of 21 documents is the signature page for the family rider. 22 It's notarized by Susan Grieser. Do you see that? 23 A. Yes. 24 Q. Does that signature look familiar to 25 you?</p>

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<p>1 A. No.</p> <p>2 Q. Do you know why Susan Grieser would have</p> <p>3 been notarizing one of Mr. Cicalese's loans?</p> <p>4 A. I have no idea.</p> <p>5 Q. And you testified that you never met</p> <p>6 Susan Grieser?</p> <p>7 A. I don't believe I have.</p> <p>8 MS. WAGNER: I am not going to mark this</p> <p>9 as an exhibit, but I just wanted to show Miss King</p> <p>10 some of the documents that are referenced in closing</p> <p>11 instructions since she didn't seem to be familiar</p> <p>12 with, like, what a T-I-L disclosure was and see if</p> <p>13 she recognizes the document.</p> <p>14 MR. KOTT: Put the Bates stamp numbers</p> <p>15 on the record.</p> <p>16 MS. WAGNER: Sure. The first one for</p> <p>17 some reason is cut off but it's WS 1008743. I think</p> <p>18 the first page might be 8742. And it goes through WS</p> <p>19 1008804.</p> <p>20 Q. After you take a look at them, if you</p> <p>21 can just let us know if they look familiar and you</p> <p>22 have seen them.</p> <p>23 A. I skipped over a lot of pages and just</p> <p>24 hit the ones that needed signatures for the most</p> <p>25 part. Sorry to say. I never really read them or</p>	<p>1 be the person who was the borrower.</p> <p>2 Q. Correct.</p> <p>3 A. Yes, they portrayed themselves as the</p> <p>4 borrower.</p> <p>5 Q. And in many instances you believed they</p> <p>6 really weren't the borrower. Correct?</p> <p>7 A. No, I believe that they were the</p> <p>8 borrower. But not asking for identification to prove</p> <p>9 that I had no way of knowing whether that person was</p> <p>10 truly the borrower or not.</p> <p>11 Q. Well, for example, David Lieber.</p> <p>12 A. Yes.</p> <p>13 Q. At the time you believed that he was</p> <p>14 David Lieber. Correct?</p> <p>15 A. Yes, that's correct.</p> <p>16 Q. In hindsight you now know that he was</p> <p>17 Mr. Cuzzi.</p> <p>18 A. Correct.</p> <p>19 Q. So the closing instructions in those</p> <p>20 instances that indicated the borrower being David</p> <p>21 Lieber, he was not, in fact, the borrower that</p> <p>22 appeared before you?</p> <p>23 A. No.</p> <p>24 Q. And in the instances where nobody</p> <p>25 appeared before you, you have no reason to know that</p>
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<p>1 looked at them because I didn't think I had to. Some</p> <p>2 of the documents do look familiar, others I have no</p> <p>3 idea.</p> <p>4 Q. Do the ones that people signed look</p> <p>5 familiar to you?</p> <p>6 A. Yes.</p> <p>7 Q. On the top of all the closing</p> <p>8 instructions, as you will see in the one you have in</p> <p>9 your hand, it indicates the borrower's name. Is that</p> <p>10 correct?</p> <p>11 A. Yes.</p> <p>12 Q. And is it correct that you have</p> <p>13 testified that in many instances the borrower did not</p> <p>14 know that they were the actual borrower at these</p> <p>15 closings?</p> <p>16 MR. HAYES: Object to the form of the</p> <p>17 question. I don't think that's what she said.</p> <p>18 Q. Were there instances where the person</p> <p>19 whose name was on -- that was on the closing</p> <p>20 documents was not the borrower that appeared before</p> <p>21 you when you entered into the closings?</p> <p>22 A. Let me get this straight.</p> <p>23 Q. I'm sorry. I am not making it clear.</p> <p>24 A. What you're trying to say is if we are</p> <p>25 sure the person who showed up portrayed themselves to</p>	<p>1 those people were truly the borrowers on those loans.</p> <p>2 Correct?</p> <p>3 A. I have no idea who the borrower was who</p> <p>4 signed the documents, whether they were the actual</p> <p>5 borrower or someone else.</p> <p>6 Q. And in the instances where you also</p> <p>7 signed on behalf of the borrower at Mr. Kane's</p> <p>8 request, you had not met the person whose name was on</p> <p>9 those closing documents. Correct?</p> <p>10 A. Correct, if they had not come to the</p> <p>11 office.</p> <p>12 Q. So in those instances would you agree</p> <p>13 that you had not followed the closing instructions</p> <p>14 because the borrower was not confirmed?</p> <p>15 MR. HAYES: Object to the form of the</p> <p>16 question. It implies it's her duty to confirm who</p> <p>17 the borrower actually was or wasn't. Also --</p> <p>18 MR. KOTT: I join in that objection.</p> <p>19 Assumes the closing instructions required that of the</p> <p>20 closing attorney.</p> <p>21 MR. McGOWAN: I join.</p> <p>22 Q. You can answer.</p> <p>23 MR. HAYES: Do you remember the</p> <p>24 question?</p> <p>25 A. Not with all these objections. Say it</p>

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<p>1 again.</p> <p>2 (The pending question is read by the</p> <p>3 court reporter.)</p> <p>4 A. Still trying to get my mind around --</p> <p>5 Q. Let me restate the question. On the</p> <p>6 second page under, "Additional closing requirements,"</p> <p>7 paragraph F, do you believe that the reason why Walsh</p> <p>8 Securities was requiring acceptable identification</p> <p>9 was that you were supposed to confirm that the person</p> <p>10 who was signing the closing documents was indeed that</p> <p>11 person?</p> <p>12 A. I agree that identification was needed.</p> <p>13 Q. And do you agree that the reason why no</p> <p>14 documents may be executed by power-of-attorney unless</p> <p>15 authorized by Walsh Securities, Inc. is because that</p> <p>16 individual that was the borrower was supposed to then</p> <p>17 themselves sign the documents?</p> <p>18 A. Yes, I agree that they should have</p> <p>19 signed the documents themselves.</p> <p>20 Q. So in that case, given that there was no</p> <p>21 confirmation that the borrower was the individual</p> <p>22 signing the closing documents, would you agree that</p> <p>23 the closing instructions were not followed?</p> <p>24 MR. KOTT: Object to the form.</p> <p>25 A. I would have to agree.</p>	<p>1 instructions, is there a place for the closing</p> <p>2 attorney to sign?</p> <p>3 A. Settlement agent?</p> <p>4 Q. Yes.</p> <p>5 A. Yes.</p> <p>6 Q. And by signing this are they</p> <p>7 acknowledging that they have closed and completely</p> <p>8 disbursed the loan in accordance with the closing</p> <p>9 instructions?</p> <p>10 A. Yes.</p> <p>11 Q. So if the closing attorney or the</p> <p>12 settlement agent isn't the one actually closing,</p> <p>13 disbursing or signing this document, would you agree</p> <p>14 that it wasn't done in accordance with the closing</p> <p>15 instructions?</p> <p>16 A. I would have to agree.</p> <p>17 Q. Previously when you were asked about</p> <p>18 what type of harm Walsh Securities suffered, you're</p> <p>19 not an expert in the mortgage industry. Correct?</p> <p>20 A. Not at all.</p> <p>21 Q. You're not even an expert in real estate</p> <p>22 closings. Correct?</p> <p>23 A. Not at all.</p> <p>24 Q. You stated, I believe, that Walsh</p> <p>25 Securities was harmed in that it loaned money to</p>
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<p>1 Q. Would you also agree that Walsh</p> <p>2 Securities -- strike that. Would you also agree that</p> <p>3 you never informed Walsh Securities that you were</p> <p>4 signing on behalf of borrowers?</p> <p>5 MR. KOTT: Did she say that?</p> <p>6 Q. Did you ever tell anyone at Walsh</p> <p>7 Securities?</p> <p>8 A. That I signed --</p> <p>9 Q. That you were signing on behalf of</p> <p>10 borrowers.</p> <p>11 A. Closing documents?</p> <p>12 Q. Yes.</p> <p>13 A. Not them. But notarizing, etcetera, no,</p> <p>14 I did not have a conversation with Walsh Securities</p> <p>15 about signing at all any of the documents.</p> <p>16 Q. Did you ever have any conversations with</p> <p>17 anyone at Walsh Securities that you had signed the</p> <p>18 borrower's name in certain instances?</p> <p>19 A. No.</p> <p>20 Q. Did you ever have any conversations with</p> <p>21 anyone at Walsh Securities about borrowers signing</p> <p>22 their name on closing documents outside of your</p> <p>23 presence?</p> <p>24 A. No.</p> <p>25 Q. On the last page of the closing</p>	<p>1 people that didn't even know they were borrowing</p> <p>2 money. Is that correct?</p> <p>3 A. Yes.</p> <p>4 Q. And that this whole process was built on</p> <p>5 lies. Is that correct?</p> <p>6 A. That's correct.</p> <p>7 Q. Do you believe Mr. Kane is a dishonest</p> <p>8 person?</p> <p>9 MR. KOTT: Object to the form. Actually</p> <p>10 I withdraw the objection.</p> <p>11 A. I would say that Bill Kane is very</p> <p>12 manipulative and dishonest, yes.</p> <p>13 Q. You testified that he told you on</p> <p>14 multiple occasions about being at Walsh Securities or</p> <p>15 talking to Betty Ann DeMola. Do you know in fact</p> <p>16 that on those instances when he said he was at Walsh</p> <p>17 Securities that he was at Walsh Securities?</p> <p>18 A. Most of the time he could say he was</p> <p>19 wherever he wanted to be. However, I do remember</p> <p>20 that there were times that he would call me from</p> <p>21 Walsh and ask me questions pertaining to a property</p> <p>22 that they had questions on, that he would relay the</p> <p>23 information back to the person he was talking to at</p> <p>24 that point, at that moment.</p> <p>25 Q. How many times a month do you think he</p>

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<p>1 was at Walsh Securities office?</p> <p>2 A. I have no idea.</p> <p>3 Q. You talked about Ms. DeMola being at the</p> <p>4 Christmas party in 1996?</p> <p>5 A. Yes.</p> <p>6 Q. Was everyone, to your knowledge, at that</p> <p>7 Christmas party involved in these frauds?</p> <p>8 A. I don't know. A lot of people were</p> <p>9 there so I don't know.</p> <p>10 Q. Do you think that just because they were</p> <p>11 at that party they were involved in the frauds?</p> <p>12 A. I have no idea. I don't know.</p> <p>13 Q. Do you have any firsthand knowledge that</p> <p>14 Ms. DeMola was involved in the frauds?</p> <p>15 A. Not firsthand knowledge, no.</p> <p>16 Q. And what knowledge do you have that Ms.</p> <p>17 DeMola was involved in the frauds?</p> <p>18 A. Some conversations on the phone, her</p> <p>19 calling and asking for information.</p> <p>20 Q. What kind of information was she asking</p> <p>21 for?</p> <p>22 A. It wasn't a lot of phone call</p> <p>23 conversation. Just questions about mortgages,</p> <p>24 where's papers. I don't recall specifics. I just</p> <p>25 recall that I spoke to her a couple of times about</p>	<p>1 insurance?</p> <p>2 A. No.</p> <p>3 Q. Are you aware that Betty Ann DeMola has</p> <p>4 no authority to approve loans?</p> <p>5 A. No.</p> <p>6 Q. You believe she had authority to approve</p> <p>7 loans based on what Mr. Kane stated, though. Right?</p> <p>8 A. Again, I don't know the mortgage process</p> <p>9 and who was supposed to approve what or anything. I</p> <p>10 just know he worked with her.</p> <p>11 Q. Did you ever personally have any</p> <p>12 conversations with Ms. DeMola about getting closings</p> <p>13 done by the end of the month?</p> <p>14 A. No.</p> <p>15 Q. Did you ever speak to anybody at Walsh</p> <p>16 Securities about the false escrow letters?</p> <p>17 A. No.</p> <p>18 Q. Do you know if anybody at Walsh</p> <p>19 Securities knew that the escrow letters were not true</p> <p>20 and accurate?</p> <p>21 A. I don't know that.</p> <p>22 Q. Do you know if anyone at Walsh</p> <p>23 Securities knew about the joint venture closings?</p> <p>24 A. I don't know that.</p> <p>25 Q. You don't know if anybody at Walsh</p>
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<p>1 documents.</p> <p>2 Q. And why would that lead you to believe</p> <p>3 that she knew about the frauds?</p> <p>4 A. Because she worked very closely with</p> <p>5 Bill.</p> <p>6 MR. KOTT: Bill Kane?</p> <p>7 A. Bill Kane.</p> <p>8 Q. And you know that because that's what</p> <p>9 Bill Kane told you. Correct?</p> <p>10 A. I know what because Bill Kane told me</p> <p>11 what?</p> <p>12 Q. That Betty Ann worked closely with Bill</p> <p>13 Kane. You know that because that's what Mr. Kane</p> <p>14 told you?</p> <p>15 A. Yes.</p> <p>16 Q. Did Betty Ann ever tell you that she</p> <p>17 worked closely with Mr. Kane?</p> <p>18 A. No.</p> <p>19 Q. Do you have any idea whether Miss DeMola</p> <p>20 called other closing attorneys' offices?</p> <p>21 A. I have no knowledge of that.</p> <p>22 Q. So you don't know whether it's unusual</p> <p>23 for Ms. DeMola to have been calling you. Correct?</p> <p>24 A. I do not know.</p> <p>25 Q. Do you know why a lender requires title</p>	<p>1 Securities knew about the joint venture closings?</p> <p>2 A. I don't know if Walsh Securities knew</p> <p>3 about them or not.</p> <p>4 Q. And you don't know whether anyone at</p> <p>5 Walsh Securities knew that funds were being used to</p> <p>6 pay for Kane's purchase on the same day he was also</p> <p>7 selling the property. Correct?</p> <p>8 A. No.</p> <p>9 Q. You never had any conversations with</p> <p>10 anyone at Walsh Securities letting them know that you</p> <p>11 were preparing false escrow letters?</p> <p>12 A. No.</p> <p>13 Q. Or that you were preparing joint</p> <p>14 venturer deeds?</p> <p>15 A. No.</p> <p>16 Q. And you never informed anyone at Walsh</p> <p>17 Securities that Kane was using proceeds from their</p> <p>18 loans to pay for properties he was simultaneously</p> <p>19 purchasing. Correct?</p> <p>20 A. No, that's correct.</p> <p>21 Q. Your conversations with Ms. DeMola were</p> <p>22 limited to questions relating to documents. Correct?</p> <p>23 A. I believe so, yes.</p> <p>24 Q. Not about documents being fake.</p> <p>25 Correct?</p>

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<p>1 A. No.</p> <p>2 Q. With respect to your conversations with</p> <p>3 Kelly O'Neill, were they about documents also?</p> <p>4 A. Yes.</p> <p>5 Q. Did you have any conversations with Miss</p> <p>6 O'Neill about documents being fake?</p> <p>7 A. No.</p> <p>8 Q. Did you ever have any conversations with</p> <p>9 Ms. DeMola or Kelly O'Neill about the joint venturer</p> <p>10 deeds?</p> <p>11 A. No.</p> <p>12 Q. I don't have anymore questions.</p> <p>13 RECROSS-EXAMINATION BY MR. HAYES:</p> <p>14 Q. Miss King, are you able to tell us</p> <p>15 sitting here today which of the 220 loans you signed</p> <p>16 the borrowers name to?</p> <p>17 A. I can't tell you that right now.</p> <p>18 Q. And is my recollection correct from the</p> <p>19 first day of your deposition that the occasions on</p> <p>20 which you did that Mr. Kane had informed you that the</p> <p>21 borrowers had already signed the documents, but there</p> <p>22 was a need to get documents to Walsh right away so</p> <p>23 you were asked to sign their names so that the</p> <p>24 documents could get to Walsh before he got the</p> <p>25 documents to you? Is that the way that went down?</p>	<p>1 "Answer: As the straw buyer. Bill said</p> <p>2 that he had all the documentation from these people</p> <p>3 and it was okay and we need the documents signed so</p> <p>4 do it."</p> <p>5 A. Okay.</p> <p>6 Q. What did you mean by that?</p> <p>7 A. The documentation that he had was</p> <p>8 identification.</p> <p>9 Q. Okay.</p> <p>10 A. That they were actual people that --</p> <p>11 Q. So when you said that, what you meant</p> <p>12 was that he had their ID?</p> <p>13 A. ID.</p> <p>14 Q. Not that they had the loan documents</p> <p>15 signed?</p> <p>16 A. No.</p> <p>17 Q. By --</p> <p>18 A. Correct.</p> <p>19 Q. Do you recall on how many occasions you</p> <p>20 did that?</p> <p>21 A. No, I don't.</p> <p>22 Q. That's all I have. Thank you, ma'am.</p> <p>23 RECROSS-EXAMINATION BY MR. KOTT:</p> <p>24 Q. What Ms. Walker had questioned you on,</p> <p>25 that were not marked as exhibits, WSI 008742 through</p>
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<p>1 A. Okay. Go through that again.</p> <p>2 Q. Sure. My recollection, I may be wrong</p> <p>3 so don't allow me to put words in your mouth, was</p> <p>4 that when you testified at your prior day's</p> <p>5 deposition about the occasions on which you signed</p> <p>6 the borrower's name to documents it was so that those</p> <p>7 documents could be forwarded to Walsh immediately.</p> <p>8 Is that correct?</p> <p>9 A. Correct.</p> <p>10 Q. And that what Mr. Kane had said to you</p> <p>11 was he already had the documents signed by the</p> <p>12 borrower, but needed you to get those out because he</p> <p>13 had not gotten the signed documents to you yet. Do</p> <p>14 you recall that?</p> <p>15 A. No.</p> <p>16 Q. In your deposition, ma'am, and again</p> <p>17 sometimes deposition testimony bounces all over the</p> <p>18 place, page 118. They were talking about what</p> <p>19 documents you prepared and your answer to that was:</p> <p>20 "I signed documents at Bill's request, let's put it</p> <p>21 that way, so the documents could be sent back to</p> <p>22 Walsh immediately because they wanted their documents</p> <p>23 back of course."</p> <p>24 And then the question was: "In what</p> <p>25 capacity did you sign those documents?</p>	<p>1 008804, which apparently was for the Laurie Hristov</p> <p>2 loan. I just have a couple of questions about those.</p> <p>3 May I look over your shoulder? Would that make you</p> <p>4 nervous?</p> <p>5 A. Sure.</p> <p>6 Q. Referring to page WSI 008744. That's</p> <p>7 the third page of the closing instructions. Is that</p> <p>8 correct?</p> <p>9 A. Yes.</p> <p>10 Q. And it's got the name Stanley Yacker in</p> <p>11 the lower left?</p> <p>12 A. Yes.</p> <p>13 Q. Was that signed by you?</p> <p>14 A. Yes.</p> <p>15 Q. And in the line where you signed his</p> <p>16 name it says "Settlement Agent"?</p> <p>17 A. Yes.</p> <p>18 Q. Would this document, this three-page</p> <p>19 closing instructions, have been returned to Walsh</p> <p>20 Securities after the closing?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. I want to call your attention to</p> <p>23 the HUD-1 statement, which is WSI 008779 and WSI</p> <p>24 008780. This is the HUD statement for that loan.</p> <p>25 A. Yes.</p>

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<p>1 Q. It's two pages. Is that correct?</p> <p>2 A. Correct.</p> <p>3 Q. And on the second page, line 101, you</p> <p>4 see that?</p> <p>5 A. Yes.</p> <p>6 Q. It's a payment of \$650 to Richard</p> <p>7 Pepsny.</p> <p>8 A. Correct.</p> <p>9 Q. And the form indicates that Mr. Pepsny</p> <p>10 was the settlement agent.</p> <p>11 A. It says that on the HUD.</p> <p>12 Q. And would Walsh Securities have also</p> <p>13 received this two-page HUD statement?</p> <p>14 A. That's correct.</p> <p>15 Q. So looking at these documents would it</p> <p>16 be fair to say that Walsh Securities would have</p> <p>17 received from your office a document in which Mr.</p> <p>18 Yacker signed as the settlement agent, but in which</p> <p>19 Mr. Pepsny was paid a fee as the settlement agent?</p> <p>20 A. That's correct.</p> <p>21 Q. And did that occur in a great many of</p> <p>22 the transactions we're talking about in this lawsuit?</p> <p>23 A. It probably did.</p> <p>24 Q. My question to you is this: Did anybody</p> <p>25 at Walsh Securities on any of the 220 loans that</p>	<p>1 A. I never received the phone call like</p> <p>2 that and I don't know if he ever did.</p> <p>3 Q. That's all I was asking. Thank you. I</p> <p>4 have no further questions.</p> <p>5 RECROSS-EXAMINATION MR. MCGOWAN:</p> <p>6 Q. I want to show you this other HUD-1</p> <p>7 statement that counsel brought out before. I don't</p> <p>8 know whether you marked it or not. This one.</p> <p>9 MS. WAGNER: I think it was marked.</p> <p>10 Q. 26 Institute Street, Freehold.</p> <p>11 MR. HAYES: King-28.</p> <p>12 Q. Let me show you 28, the second page of</p> <p>13 28. Would you agree with me that on the line 1101</p> <p>14 there's a closing fee to Richard Pepsny of 650? On</p> <p>15 1107 there's an attorney's fee to Stanley Yacker of</p> <p>16 650?</p> <p>17 A. Yes, I agree.</p> <p>18 Q. Why is that?</p> <p>19 A. Because Mr. Yacker got paid on the -- on</p> <p>20 the buyer's side and Rick got paid on the seller's</p> <p>21 side from Cristo.</p> <p>22 Q. Well, okay. On this RESPA though</p> <p>23 they're all in the last column, which is paid from</p> <p>24 seller's funds at settlement. Right?</p> <p>25 A. That's right.</p>
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<p>1 we're talking about in this case ever call you up and</p> <p>2 say: We don't understand why Mr. Yacker is -- we</p> <p>3 don't understand why Mr. Yacker's signature appears</p> <p>4 both on the closing instructions and on the HUD</p> <p>5 statement as the settlement agent when the HUD</p> <p>6 statement indicates a payment of a fee to Mr. Pepsny</p> <p>7 for being the settlement agent?</p> <p>8 A. No, I did not receive any calls like</p> <p>9 that.</p> <p>10 Q. Do you know whether Mr. Yacker or anyone</p> <p>11 else in the law firm received that phone call from</p> <p>12 Walsh Securities?</p> <p>13 A. I don't know that. However, if Mr.</p> <p>14 Yacker had received it or I had received it, then I</p> <p>15 would have asked Mr. Yacker how to fix that. I just</p> <p>16 went by a master HUD that Mr. Yacker probably had</p> <p>17 written out by hand and that was my form.</p> <p>18 Q. I wasn't asking your knowledge. I was</p> <p>19 asking whether Walsh ever called you and said</p> <p>20 something is not kosher here, what's going on?</p> <p>21 A. No.</p> <p>22 Q. Do you know whether Walsh ever called</p> <p>23 Mr. Yacker or anyone else in the law firm and said to</p> <p>24 him something is not kosher here with respect to who</p> <p>25 the settlement agent is, what's going on?</p>	<p>1 Q. Pepsny and Yacker are both in that same</p> <p>2 column?</p> <p>3 A. Yes.</p> <p>4 Q. But you're saying that this HUD reflects</p> <p>5 the -- a prior transaction?</p> <p>6 A. No.</p> <p>7 Q. What are you telling me?</p> <p>8 A. Bill Kane paid for the attorney's fee to</p> <p>9 Rick Pepsny for drawing up the documents going from</p> <p>10 Cristo into the straw buyer.</p> <p>11 Q. Okay.</p> <p>12 A. And then Yacker got paid --</p> <p>13 Q. Closed from the straw buyer?</p> <p>14 A. Closed -- got his money from closing the</p> <p>15 loan.</p> <p>16 Q. This form would have been sent to Walsh</p> <p>17 as well, would it not?</p> <p>18 A. Yes, it would have.</p> <p>19 Q. Walsh ever ask you the same question I</p> <p>20 did?</p> <p>21 A. No.</p> <p>22 Q. Do you know whether Walsh ever asked</p> <p>23 anybody in the law firm the same question I just did?</p> <p>24 A. That I don't know.</p> <p>25 Q. Because this -- what you're telling me</p>

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<p>1 is that this indicates two different transactions</p> <p>2 basically, does it not?</p> <p>3 A. All I know is they told me to pay Rick</p> <p>4 and pay Yacker.</p> <p>5 Q. Okay. I am done. Anyone else?</p> <p>6 CONTINUED REDIRECT EXAMINATION BY MS. WAGNER:</p> <p>7 Q. I have one for the record. Miss King,</p> <p>8 looking at that document, that HUD-1 you were just</p> <p>9 looking at for 26 Institute Street, on line 1101 can</p> <p>10 you read for me what it states?</p> <p>11 A. "Settlement or closing fee to Richard</p> <p>12 Pepsny."</p> <p>13 Q. It doesn't say settlement agent, does</p> <p>14 it?</p> <p>15 A. No.</p> <p>16 Q. And then line 1107, what does it state?</p> <p>17 A. "Attorney's fees to Stanley Yacker."</p> <p>18 Q. You prepared this HUD-1. Correct?</p> <p>19 A. Correct.</p> <p>20 Q. You didn't have any training in real</p> <p>21 estate closings. Correct?</p> <p>22 A. That's correct.</p> <p>23 Q. You didn't go to law school?</p> <p>24 A. No, no.</p> <p>25 Q. Did Mr. Cicalese prepare his own HUD-1s?</p>	<p>1 Q. And you don't happen to have any</p> <p>2 personal knowledge about the impropriety of a seller</p> <p>3 paying a buyer's closing costs, do you?</p> <p>4 A. No.</p> <p>5 Q. I don't have any further questions.</p> <p>6 RECROSS EXAMINATION BY MR. HAYES:</p> <p>7 Q. I will be very brief, ma'am. Take the</p> <p>8 two settlement sheets, 26 and 28. You have them</p> <p>9 before you?</p> <p>10 A. Yes, I do.</p> <p>11 Q. Put them both to the second page. And</p> <p>12 I'm going to direct your attention to the upper</p> <p>13 portion of the HUD, ma'am, the particular line, 801.</p> <p>14 Do you see on one of these transactions the loan</p> <p>15 origination fee, which is the fee charged to the</p> <p>16 borrower for the loan he or she is getting, in one of</p> <p>17 those transactions it was paid by the buyer and the</p> <p>18 other transaction it was paid by the seller. You see</p> <p>19 that?</p> <p>20 A. That's correct.</p> <p>21 Q. And if you look at line 811 on the</p> <p>22 King-26, do you see the commitment fee, which is the</p> <p>23 fee that Walsh charged the borrower for purposes of</p> <p>24 issuing a mortgage commitment, and that transaction</p> <p>25 was paid by the seller, not by the borrower?</p>
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<p>1 A. Yes, he did.</p> <p>2 Q. And he was a lawyer. Correct?</p> <p>3 A. That's correct.</p> <p>4 Q. And he presumably had some training how</p> <p>5 to perform a real estate closing?</p> <p>6 A. Yes.</p> <p>7 Q. If you can look back at King-26, the</p> <p>8 HUD-1 for 317 Sumner Avenue, which Mr. Cicalese was</p> <p>9 the settlement agent. Do you have that?</p> <p>10 A. Yes, I have it.</p> <p>11 Q. On the second page can you read what it</p> <p>12 says for 1107?</p> <p>13 A. "Attorney's fees to Anthony M. Cicalese,</p> <p>14 PC."</p> <p>15 Q. And that's for \$550. Correct?</p> <p>16 A. That's correct.</p> <p>17 Q. And that's paid from the borrower's</p> <p>18 funds line. Correct?</p> <p>19 A. That's correct.</p> <p>20 Q. And then line 11 -- I'm sorry -- 1204 it</p> <p>21 says, Michael Alfieri, Esquire. Correct?</p> <p>22 A. Correct.</p> <p>23 Q. And that's 650 paid from seller's funds</p> <p>24 at settlement. Correct?</p> <p>25 A. Correct.</p>	<p>1 A. I see that.</p> <p>2 Q. And if you look on the other one, ma'am,</p> <p>3 that fee is actually on line 810, and in that case a</p> <p>4 commitment fee was paid to National by the buyer.</p> <p>5 Correct?</p> <p>6 A. Correct.</p> <p>7 Q. Now, both of these HUDs would have gone</p> <p>8 to Walsh. Correct?</p> <p>9 A. Correct.</p> <p>10 Q. Did you ever get a call from anyone at</p> <p>11 Walsh saying: Why is the seller paying commitment</p> <p>12 fees?</p> <p>13 A. I did not get any phone calls.</p> <p>14 Q. Do you recall, ma'am, that the closing</p> <p>15 instruction letters mandated that those commitment</p> <p>16 fees be paid by the buyer, not by the seller?</p> <p>17 A. Yes, that's what the closing</p> <p>18 instructions say.</p> <p>19 Q. So Walsh had within a day or two after</p> <p>20 settlement a document indicating that at least one</p> <p>21 portion of its closing instructions had not been</p> <p>22 followed. Correct?</p> <p>23 A. Correct.</p> <p>24 Q. But you don't recall ever receiving any</p> <p>25 contact whatsoever from Walsh questioning why that</p>

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<p style="text-align: right;">Page 270</p> <p>1 was?</p> <p>2 A. No.</p> <p>3 Q. And you never had a conversation with</p> <p>4 Mr. Yacker or Mr. Cicalese in which they said: Walsh</p> <p>5 wants an explanation as the why we're ignoring their</p> <p>6 closing instructions?</p> <p>7 A. No.</p> <p>8 Q. That's all I have.</p> <p>9 MR. KOTT: I have no further questions</p> <p>10 happily for you.</p> <p>11 MS. WAGNER: I have nothing further.</p> <p>12 MR. HAYES: Thank you, ma'am, you're</p> <p>13 free to leave before somebody changes their mind.</p> <p>14 (The deposition is concluded at 2:30</p> <p>15 p.m.)</p> <p>16</p> <p>17</p> <p>18 _____</p> <p>19 LORRAINE KING</p> <p>20 Subscribed and sworn to before me</p> <p>21 this ____ day of _____, 2010.</p> <p>22</p> <p>23 _____</p> <p>24 Notary Public</p> <p>25</p>	
<p style="text-align: right;">Page 271</p> <p>1 CERTIFICATE.</p> <p>2</p> <p>3 I, JANET BAILYN, a Notary Public and</p> <p>4 Certified Court Reporter of the State of New Jersey,</p> <p>5 do hereby certify that prior to the commencement of</p> <p>6 the examination LORRAINE KING was duly sworn by me to</p> <p>7 testify the truth, the whole truth and nothing but</p> <p>8 the truth.</p> <p>9 I DO FURTHER CERTIFY that the foregoing</p> <p>10 is a true and accurate transcript of the testimony as</p> <p>11 taken stenographically by and before me at the time,</p> <p>12 place and on the date hereinbefore set forth.</p> <p>13 I DO FURTHER CERTIFY that I am neither a</p> <p>14 relative nor employee nor attorney nor counsel of any</p> <p>15 of the parties to this action, and that I am neither</p> <p>16 a relative nor employee of such attorney or counsel,</p> <p>17 and that I am not financially interested in the</p> <p>18 action.</p> <p>19</p> <p>20 _____</p> <p>21 Notary Public of the State of New Jersey</p> <p>22 My commission expires February 3, 2013</p> <p>23 License No. XI00970</p> <p>24</p> <p>25 Date: May 17, 2010</p>	

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